



Doing Business in Malta: 2012 Country

Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Malta

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Market Overview

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- Malta, a member of the European Union since 2004, offers good business and financial services, excellent telecommunications and flight connections, availability of highly skilled personnel, labor costs that are competitive with other western European countries, a sound legal system and a low crime rate.
- Malta's geographical location, fiscal and other investment incentives, political stability and modern infrastructure make it a natural hub for companies seeking to do business in southern Europe and northern Africa. In its 2006 report, the UN listed Malta as a 'frontrunner' in the high FDI potential category. More than 200 international companies have established operations in Malta.
- During 2011, the U.S. was Malta's second largest trading partner outside the EU, accounting for 4.37% of total trade.
- During 2011, The U.S. supplied 4.27% of Malta's total imports and bought 4.52% of Malta's total exports.
- Trade between Malta and its key trading partners was greatly influenced by the presence of ST Microelectronics in Malta. ST imported substantial amounts of semiconductor materials from and exported significant amounts of finished semiconductors to these countries.
- Key items Malta imported from the U.S. include: aircraft engines and parts, water purification equipment, parts for electrical power generation, and cereals, mainly for the manufacture of bread. In addition to semiconductors, Malta exported rubber and rubber articles, automotive switches, medical devices and products, toys and games.
- Malta joined the Eurozone in January 2008. Since May 2005, Malta's currency the Maltese Lira (LM) had been fixed to the Euro at a rate of 2.35 EUR to 1.00 LM under the European Exchange Rate Mechanism II.

Market Challenges

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- Malta is a small island in the middle of the Mediterranean with around 400,000 inhabitants. Therefore the market is very small. For many companies that manufacture for export, Malta serves as a stepping stone to nearby markets. Malta could also serve as test market to launch a new product in order to determine customers' behaviors and pattern on a small scale.
- However, lack of direct flights with the United States and the long distance involved in shipping goods directly from the U.S. has traditionally limited the

amount of bilateral trade. (Although there is a direct shipping connection to Malta for containerized shipments, partial shipments must be shipped through neighboring European ports.) Local importers have succeeded in overcoming these difficulties by importing high value-low volume items and/or source the goods from U.S. subsidiaries or associates in Europe or other nearby states.

Market Opportunities

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- Sectors: Information Communications Technology (ICT), Financial Services, Oil and Gas, Education, Tourism, Infrastructure and general construction, Information Handling, Pharmaceuticals and Medical Equipment, Automotive components, Light Engineering, Alternative and Renewable Energy, Research & Development, Aviation maintenance; Registration of ships and aircrafts, Franchising and Security products.
- Malta's full potential for becoming a center for international business in the Euro-Med region is gaining momentum; a growing number of companies are using Malta as a base for operations in North Africa – particularly Tunisia and Libya, following the "Arab Spring" government changes there.
- Services represent the largest and fastest growing sector of the Maltese economy. Banking, investment, insurance, communications, software development, tourism, ship-repair/aircraft servicing, health care services, aviation, logistics, film industry, professional services and back office operations are the largest service sub-sectors.
- Among agricultural products, the best U.S. prospect is in grain products, particularly red winter and soft wheat.

Market Entry Strategy

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- The application of uniform EU standards and certificates makes it easier for U.S. firms with prior experience of doing business in Europe to expand their business interests in Malta.
- Although not required, most foreign suppliers appoint an agent or distributor to market their products in Malta. Franchising, licensing and joint venture agreements are also common. Several companies have chosen to set up an operating/regional office.
- For public sector procurement, U.S. companies are advised to partner with Maltese companies to increase their chance of success.
- U.S. firms considering investing in Malta should review the relevant regulations with the quasi-government investment promotion agency Malta Enterprise.

<http://www.maltaenterprise.com>

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Chapter 2: Political and Economic Environment

Malta is an active parliamentary democracy with a free press and protections for human rights. Malta is a member of the European Union and its political and economic environment is similar to that of other EU member states. For additional background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/5382.htm>

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Using an Agent or Distributor

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The key to success in the Maltese market is to have an experienced agent or joint venture partner in Malta with suitable experience and an extensive sales network. The ability to offer full after-sales support to the end user, along with spare parts is also crucial.

As the government accounts for a sizeable share of major purchases, it is essential that local agents or joint venture partners have the knowledge and experience to participate in government tenders. Beginning in 2007 the government began to draw upon the 855 million euros it has been allocated by the European Union for use on major projects under the Structural Funds programming period 2007-2013.

Before making an agreement with prospective agents or joint venture partners, U.S. firms are advised to obtain background information and credit reports (see Chapter 10 – Guide to Our Services).

Companies wishing to use distribution, franchising and agency arrangements need to ensure that the agreements they put into place are in accordance with European Union (EU) and Member State national laws. Council Directive 86/653/EEC establishes certain minimum standards of protection for self-employed commercial agents who sell or purchase goods on behalf of their principals. In essence, the Directive establishes the rights and obligations of the principal and its agents; the agent's remuneration; and the conclusion and termination of an agency contract, including the notice to be given and indemnity or compensation to be paid to the agent. U.S. companies should be

particularly aware that the Directive states that parties may not derogate certain requirements. Accordingly, the inclusion of a clause specifying an alternate body of law to be applied in the event of a dispute will likely be ruled invalid by European courts. However, voluntary binding arbitration based on EU and Maltese law is an alternative to initial proceedings in the Maltese Court system, which can be lengthy.

Key Link:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML>

The European Commission's Directorate General for Competition enforces legislation concerned with the effects on competition in the internal market of such "vertical agreements." Most U.S. exporters to Malta are small- and medium-sized companies (SMEs) and are therefore exempt from the Regulations because their agreements generally qualify as "agreements of minor importance." While useful for cooperation between SMEs, these agreements generally do not affect competition at the EU level. Companies with fewer than 250 employees and an annual turnover of less than €50 million are considered medium-sized enterprises, whilst companies with fewer than 50 employees and an annual turnover of less than €10 million are considered small-sized enterprises. The EU has additionally indicated that agreements that affect less than 10 percent of a particular market are generally exempted as well (Commission Notice 2001/C 368/07).

Key Link::

http://eur-lex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf

The EU also seeks to stem payment delays with Directive 2000/35/EC. This covers all commercial transactions within the EU, whether in the public or private sector, primarily dealing with the consequences of late payment. Transactions with consumers, however, do not fall within the scope of this Directive. In sum, the Directive entitles a seller who does not receive payment for goods/services within 30-60 days of the payment deadline to collect interest (at a rate of 7 percent above the European Central Bank rate) as compensation. The seller may also retain the title to goods until payment is completed and may claim full compensation for all recovery costs.

Key Link:

http://ec.europa.eu/enterprise/policies/single-market-goods/files/late_payments/doc/directive_2011_7_en.pdf

Companies' agents and distributors can take advantage of the European Ombudsman when victim of inefficient management by an EU institution or body. Complaints can be made to the European Ombudsman only by businesses and other bodies with registered offices in the EU. The Ombudsman can act upon these complaints by investigating cases in which EU institutions fail to act in accordance with the law, fail to respect the principles of good administration, or violate fundamental rights. In addition, SOLVIT, a network of national centers, offers online assistance to citizens and businesses who encounter problems with transactions within the borders of the single market.

Key Links:

<http://www.ombudsman.europa.eu>
http://ec.europa.eu/solvit/site/about/index_en.htm

Establishing an Office

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In order to establish an office in Malta, an operating license is required from the appropriate government departments. The fee for such a license depends on the nature of the business and the locality. The development of premises for business uses requires a license from the Malta Environment and Planning Authority (MEPA). A financial services company has to be licensed by the Malta Financial Services Authority. In addition, every business has to be registered with the VAT and the Inland Revenue Department.

Company registration in Malta is regulated by the Malta Financial Services Authority (MFSA). Malta is a tax efficient jurisdiction for holding and trading companies. Company formation expenses in Malta are relatively low, thus making Malta a cost effective jurisdiction, not only for large corporation's tax planning, but also for small and medium sized businesses.

Key Link: <http://registry.mfsa.com.mt/>

Malta offers two types of company: International Holding Companies (IHC) and International Trading Companies (ITC). These companies are designed to take advantage of the tax treaties signed by Malta.

The ITC is statutorily defined as a company which is engaged solely in carrying on trading activities from Malta with persons outside Malta and has objects expressly limited to such trading activities. The ITC may not hold foreign investments or equity.

An IHC is a company whose activities are limited to foreign shareholders and other similar passive income generating activities. Such entities are taxed in a particularly advantageous manner where income is received from participating holdings.

Shareholders

A minimum of two shareholders are required who may be corporate or individual and details appear on public file but anonymity can be retained by the use of nominee shareholders.

Directors

Only one Director is required, either corporate or an individual, and details appear on the public file in Malta. In order to establish that the company is tax resident in Malta, and therefore to gain tax treaty benefits, it will be necessary to have the majority of the board of directors based in Malta.

Local Requirements

Every Maltese company must maintain a registered office in Malta and must also appoint a licensed Maltese nominee company as a company secretary or sole director. Although there is no strict requirement that the director(s) be resident in Malta it is likely that tax treaty relief would not be afforded to any company which did not have a majority of directors resident in Malta. For most practical purposes it will therefore be necessary to appoint Malta resident directors.

Registration of Companies

A limited liability company is the most common form of business in Malta. A limited liability company is validly constituted in accordance with the Maltese Companies Act Legislation once a memorandum of association is entered into and subscribed by at least two persons and a certificate of registration is issued in respect thereof by the Registrar of Companies.

Key Link:

<http://justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=8853&l=1>

Memorandum and Articles of Association

The Memorandum of Association must specify the objects for which the company is incorporated. The objects may not be simply stated to be any lawful purpose or trade in general, but should specify the following:

- Whether the company is a public company or a private company
- The name and residence of each of the subscribers thereto
- The company name
- The company's registered office in Malta
- The objects of the company
- The amount of share capital with which the company proposes to be registered (also referred to as the authorized capital), the division thereof into shares of a fixed amount, the number of shares taken up by each of the subscribers and the amount paid up in respect of each share and, where the share capital is divided into different classes of shares, the rights attaching to the shares of each class;
- The number of the directors, the name and residence of the first directors and, where any of the directors is a body corporate, the name and registered or principal office of the body corporate; the manner in which the representation of the company is to be exercised, and the name of the first person or persons vested with such representation;
- The name and residence of the first company secretary or secretaries;
- The period, if any, fixed for the duration of the company; and
- In respect of each shareholder, director and company secretary, the number of an official identification document should also be given.
- The total amount or an estimate of all the costs payable by the company or chargeable to it by reason of its formation up to the time it is authorized to commence business, and of all the costs relating to transactions leading to such authorization; and

- A description of any special advantage granted, prior to the time the company is authorized to commence business, to anyone who has taken part in the formation of the company or in transactions leading to such authorization.

The memorandum of association may be accompanied by the articles of association, which is a document which prescribes the internal regulations of the company.

If articles of association are not registered, it is assumed that the model articles of association found in the First Schedule to the Companies Act have been adopted.

The memorandum and articles, if any, must be delivered to the Registrar of Companies who, being satisfied that all the requirements of law have been complied with, shall register them. A company comes into existence from the date of registration indicated in its Certificate of Registration.

Who may incorporate

Subscribers may be individuals or corporate entities. The shares of a company may also be held by a trustee, who is duly authorized in accordance with Maltese Law.

Time required for incorporation

The length of time to incorporate a company depends on the type of company being incorporated and on whether all information and documentation is available and in order. Once the Registrar has all necessary documentation and information, the process may take as little as 24 hours.

Registered Office

Every company registered in Malta must have a registered office in Malta. This may be at the office of a firm of lawyers, accountants or other providers of corporate services. Any changes to the company's registered office must be notified to the Registrar of Companies.

Private Company

A private company is a company that must, by its memorandum or articles:

- Restrict the right to transfer its shares
- Limit the number of shareholders to fifty
- Prohibit any invitation to the public to subscribe for any shares or debentures of the company

Share Capital

A private company needs a minimum authorized share capital of €1,165 (USD 1,600). The authorized share capital needs to be subscribed by at least two persons. This should be fully paid-up. Where the authorized share capital is equal to the minimum stipulated by law, as aforesaid, it must be fully subscribed in the memorandum. Where it exceeds such minimum, at least that minimum shall be subscribed in the memorandum.

Private Exempt Companies

A private company may have the status of an exempt company, and qualify for certain advantages if the following conditions are contained in its memorandum or articles of association:

- (a) the number of persons holding debentures of the company is not more than 50; and
- (b) no body corporate is the holder of, or has any interest in, any shares or debentures of the company or is a director of the company, and neither the company nor any of the directors is party to an arrangement whereby the policy of the company is capable of being determined by persons other than the directors, shareholders or debenture holders thereof.

Shareholders

The maximum number of shareholders for a private company is fifty. The minimum number of shareholders is normally two; however a single member company may also be registered under the Companies Act. A single member company is a private limited liability company, which qualifies as an exempt company and which is incorporated with one member. A single member company, the Memorandum of Association should indicate the main trading activity of the company.

Directors and Company Secretary

Every private company must have at least one director. Every company must have a company secretary. No company may have as company secretary its sole director unless the company is a private exempt company, also it cannot have as a sole director of the company a body corporate, the sole director of which is company secretary to the company.

It shall be the duty of the directors of a company to take all reasonable steps to ensure that the company secretary is an individual who appears to them to have the requisite knowledge and experience to discharge the functions of company secretary. The law does not require that the company secretary be resident in Malta.

Data Privacy

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The EU's general data protection Directive (95/46/EC) spells out strict rules concerning the processing of personal data. Businesses must tell consumers that they are collecting data, what they intend to use it for, and to whom it will be disclosed. Data subjects must be given the opportunity to object to the processing of their personal details and to opt-out of having them used for direct marketing purposes. This opt-out should be available at the time of collection and at any point thereafter. The current legislation is undergoing review; a proposal for a new data protection legal framework is expected early 2012.

This general legislation is supplemented by specific rules set out in the "Directive on the Processing of Personal Data and the Protection of Privacy in the Electronic Communications Sector" (2002/58/EC). This requires companies to secure the prior

consent of consumers before sending them marketing emails. The only exception to this opt-in provision is if the marketer has already obtained the intended recipient's contact details in the context of a previous sale and wishes to send them information on similar products and services.

Key Link: http://ec.europa.eu/justice_home/fsj/privacy/index_en.htm

Transferring Customer Data to Countries outside the EU

The EU's general data protection Directive provides for the free flow of personal data within the EU but also for its protection when it leaves the region's borders. Personal data can only be transferred outside the EU if adequate protection is provided for it or if the unambiguous consent of the data subject is secured. The European Commission has decided that a handful of countries have regulatory frameworks in place that guarantee the adequate protection of data transferred to them – the United States is NOT one of these.

The Department of Commerce and the European Commission negotiated the Safe Harbor agreement to provide U.S. companies with a simple, streamlined means of complying with the adequacy requirement. It allows those U.S. companies that commit to a series of data protection principles (based on the Directive), and by publicly stating that commitment by "self-certifying" on a dedicated website, to continue to receive personal data from the EU. Signing up is voluntary but the rules are binding on those who do. The ultimate means of enforcing Safe Harbor is that failure to fulfill the commitments will be actionable as an unfair and deceptive practice under Section 5 of the FTC Act or under a concurrent Department of Transportation statute for air carriers and ticket agents. While the United States as a whole does not enjoy an adequacy finding, transfers that are covered by the Safe Harbor program will. Companies whose activities are not regulated by the FTC or DoT (e.g. banks, credit unions, savings and loan institutions, securities dealers, insurance companies, not-for-profit organizations, meat packing facilities, or telecommunications carriers) are not eligible to sign up to the Safe Harbor.

EU based exporters or U.S. based importers of personal data can also satisfy the adequacy requirement by including data privacy clauses in the contracts they sign with each other. The Data Protection Authority in the EU country from where the data is being exported must approve these contracts. To fast track this procedure the European Commission has approved sets of model clauses for personal data transfers that can be inserted into contracts between data importers and exporters. The most recent were published at the beginning of 2005, and were complemented in 2010 by contractual clauses on "sub-processing" (outsourcing by an EU based exporter of its processing activities to other sub-processors outside the EU). Most transfers using contracts based on these model clauses do not require prior approval. Companies must bear in mind that the transfer of personal data to third countries is a processing operation that is subject to the general data protection Directive regardless of any Safe Harbor, contractual or consent arrangements.

EU countries' Data Protection Authorities (DPAs) and large multinational companies have also developed a third major approach to compliance with EU rules on transfers of personal data to countries outside the EU. This is based on country-by-country approval of "binding corporate rules" (BCRs). A BCR is the international code of practice followed by a multinational corporation for transfers of personal data between the companies

belonging to that corporation (worldwide intra-group transfer). BCRs are suitable for closely-knit, highly hierarchically structured multinational companies but not for loose conglomerates. Companies that set up BCRs that satisfy European DPAs are able to use the presumption of conformity that these approvals provide to transfer personal data from the EU to any location in the world – not just the United States. BCRs can be a tool for compliance with privacy rules on a global scale. The process of negotiation and approval of the BCRs is currently lengthy and complex, and has not been attempted by small or medium-sized companies.

Key Links:

<http://www.export.gov/safeharbor/>

http://ec.europa.eu/justice/policies/privacy/modelcontracts/index_en.htm

http://ec.europa.eu/justice/data-protection/document/international-transfers/binding-corporate-rules/index_en.htm

Franchising

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There are no specific Maltese regulations governing the operations of franchised units in Malta, nor are there any restrictions on them. Payments of the franchise and royalty fees are governed by the Foreign Exchange Control regulations.

Maltese Businessmen can be said to be keen on franchising, even though the market is relatively small, major US brands known worldwide are present on the island. The U.S. Commercial Service desk present at the U.S. Embassy in Malta receives several requests annually for U.S franchising opportunities from local entrepreneurs, and international franchise operators in Malta include some of Malta's most experienced companies and investors, maximizing the probability of franchise success.

Direct Marketing

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The use of direct marketing, especially TV-shopping, is increasing in Malta. There are several mail and telephone ordering services in Malta. Door-to-door selling exists on a limited scale, but is not common.

There is a wide range of EU legislation that impacts the direct marketing sector. Compliance requirements are stiffest for marketing and sales to private consumers. Companies need to focus, in particular, on the clarity and completeness of the information they provide to consumers prior to purchase, and on their approaches to collecting and using customer data. The following gives a brief overview of the most important provisions flowing from EU-wide rules on distance selling and on-line commerce. Companies are advised to consult the information available via the hyperlinks below.

Processing Customer Data

The EU has strict laws governing the protection of personal data, including the use of such data in the context of direct marketing activities. For more information on these rules, please see the privacy section above.

Distance Selling Rules

- **Distance and Door-to-Door sales**
The EU's Directive on distance selling to consumers (97/7/EC) sets out a number of obligations for companies doing business at a distance with consumers.

It can read like a set of onerous "do's" and "don'ts," but in many ways, it represents nothing more than a customer relations good practice guide with legal effect. Direct marketers must provide clear information on the identity of themselves as well as their supplier, full details on prices including delivery costs, and the period for which an offer remains valid – all of this, of course, before a contract is concluded. Customers generally have the right to return goods without any required explanation within seven days, and retain the right to compensation for faulty goods thereafter. Similar in nature is the Doorstep Selling Directive (85/577/EEC) which is designed to protect consumers from sales occurring outside of a normal business premises (e.g., door-to-door sales) and essentially assure the fairness of resulting contracts.

In 2011, the EU overhauled its consumer protection legislation and merged several existing rules into a single rulebook - "the Consumer Rights Directive". The provisions of this Directive will apply to contracts concluded after June 13, 2014, and will replace current EU rules on distance selling to consumers and doorstep selling. The Directive contains provisions on core information to be provided by traders prior to the conclusion of consumer contracts, regulates the right of withdrawal, includes rules on the costs for the use of means of payment and bans pre-ticked boxes. Companies are advised to consult the information available via the hyper-links, to check the relevant sections of national Country Commercial Guides, and to contact the Commercial Service at the U.S. Mission to the European Union for more specific guidance.

Key Links:

Consumer Affairs Homepage:

http://ec.europa.eu/consumers/index_en.htm

Distance Selling:

http://ec.europa.eu/consumers/cons_int/safe_shop/dist_sell/index_en.htm

Door-to-Door Selling:

http://ec.europa.eu/consumers/cons_int/safe_shop/door_sell/index_en.htm

Consumer Rights:

http://ec.europa.eu/justice/consumer-marketing/rights-contracts/directive/index_en.htm

- **Distance Selling of Financial Services**
Financial services are the subject of a separate Directive that came into force in June 2002 (2002/65/EC). This piece of legislation amends three prior existing Directives and is designed to ensure that consumers are appropriately protected in respect to financial transactions taking place where the consumer and the provider are not face-to-face. In addition to prohibiting certain abusive marketing practices, the

Directive establishes criteria for the presentation of contract information. Given the special nature of financial markets, specifics are also laid out for contractual withdrawal. The Malta Financial Services Authority (MFSA) is the local regulator in the field of financial services.

Key Links: http://ec.europa.eu/consumers/rights/fin_serv_en.htm
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0065:EN:NOT>
<http://www.mfsa.com.mt>
<http://www.financemalta.org>

Direct Marketing Over the Internet

The e-commerce Directive (2000/31/EC) imposes certain specific requirements connected to the direct marketing business. Promotional offers must not mislead customers and the terms that must be met to qualify for them have to be easily accessible and clear. The Directive stipulates that marketing e-mails must be identified as such to the recipient and requires that companies targeting customers on-line must regularly consult national opt-out registers where they exist. When an order is placed, the service provider must acknowledge receipt quickly and by electronic means, although the Directive does not attribute any legal effect to the placing of an order or its acknowledgment. This is a matter for national law. Vendors of electronically supplied services (such as software, which the EU considers a service and not a good) must also collect value added tax (see Electronic Commerce section below).

Key Link: http://ec.europa.eu/internal_market/e-commerce/index_en.htm

Joint Ventures/Licensing

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Joint-venture and licensing arrangements with foreign companies are allowed and encouraged. Private foreign investors are free to make equity arrangements as they wish from joint ventures to full equity ownership.

Selling to the Government

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Government purchases of capital equipment and supplies play an important role in the country's commercial environment. Malta is a member of the EU and adheres to the GATT Procurement Code. The Ministry of Finance publishes tenders for government purchases and ensures that stated conditions are adhered to. Normally the Ministry which requests the goods/services in the tender has a final say in the award.

The EU public procurement market is regulated by three Directives:

- Directive 2004/18 on Coordination of procedures for the award of public works, services and supplies contracts, and
- Directive 2004/17 on Coordination of procedures of entities operating in the Utilities sector, which covers the following sectors: water, energy, transport and postal services.
- Directive 2009/81 on Coordination of procedures for the award of certain works, supply and service contracts by contracting authorities in the fields of defense and security (to be implemented in national laws of EU member states by mid-2011).

Remedies directives cover legal means for companies who face discriminatory public procurement practices.

Malta Government tenders are issued by the Contracts Department; upcoming and awarded tenders are posted in its website.

Link: <http://www.contracts.gov.mt/>

Foreign firms are allowed to bid directly, but U.S. firms involved in recent bids on government tenders have usually allied with a local partner or agent. Some of the government's purchases are financed through loans from individual countries; most of them are financed by European Union funds. Malta has been allocated 855 million euros in EU funds to spend from 2007-2013 on a series of public sector projects.

The US and the EU are signatories of the World Trade Organization's (WTO) Government Procurement Agreement (GPA), which grants access to most public supplies and services and some works contracts published by national procuring authorities of the countries that are parties to the Agreement. In practice, this means that U.S.-based companies are eligible to bid on supplies and services contracts from European public contracting authorities above the agreed thresholds.

However, there are restrictions for U.S. suppliers in the EU utilities sector both in the EU Utilities Directive and in the EU coverage of the Government Procurement Agreement (GPA). The Utilities Directive allows EU contracting authorities in these sectors to either reject non-EU bids where the proportion of goods originating in non-EU countries exceeds 50% of the total value of the goods constituting the tender, or is entitled to apply a 3% price difference to non-EU bids in order to give preference to the EU bid. These restrictions are applied when no reciprocal access for EU companies in the U.S. market is offered. Those restrictions however were waived for the electricity sector.

For more information, please visit the U.S. Commercial Service at the U.S. Mission to the European Union website dedicated to EU public procurement. This site also has a database of all European public procurement tenders that are open to U.S.-based firms by virtue of the Government Procurement Agreement. Access is free of charge.

Key Links:

http://www.buyusa.gov/europeanunion/eu_tenders.html

<http://export.gov/europeanunion/grantstendersandfinancing/cseutendersdatabase/index.asp>

Distribution and Sales Channels

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Malta offers a full range of sales channels to consumers, with various distribution methods depending on the type of product offered. These methods range from traditional wholesalers selling to traditional shops which then sell to the public, to more sophisticated methods, such as large department stores, which are increasingly becoming popular outlets.

While most imported items, especially capital equipment and raw materials, are still purchased through agents and distributors, some large domestic manufacturing companies import these items directly.

Selling Factors/Techniques

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The selling factors/techniques applicable to Malta are generally the same as those in other western European countries.

Electronic Commerce

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E-Commerce, (whether Business to Consumer or Business to Business), was slow to develop in Malta, however it has now begun to evolve rapidly. During 2010, 18 per cent of enterprises with at least 10 employees (FTE) received orders via computer networks, an increase of 5 percentage points when compared to the previous year. This amounted to over €1.3 billion in e-Commerce sales, accounting for 21 per cent of total turnover (total turnover of enterprises availing themselves of Internet). In addition, 85 percent of orders were received via electronic transmission, thereby allowing automatic processing methods, with the remaining 15 per cent received via website. Furthermore, 25 per cent of enterprises had placed orders via computer networks during 2010. In monetary terms, this accounted for more than €1.1 billion, or 24 per cent of total purchases (of enterprises availing of Internet).

The trade of goods and services over the Internet went up from 59 per cent in 2009 to 61 per cent in 2010. Results of an official survey showed that 50 per cent of respondents who conducted e-Commerce did so to purchase items of clothing – as in 2009, these continue to be the most common items sought. Books, magazines and newspapers recorded a demand of 37 per cent and represented the second largest group of commodities purchased via e-Commerce. Hotel accommodation ranked third and recorded an increase of 4 percentage points over 2009. These statistics also revealed that the majority of goods purchased via e-Commerce, 92 per cent, originated from other EU Member States.

The Maltese government implemented a series of training initiatives under the “Kick-Start” awareness program. In October 2006, the government also published the Electronic Commerce Act regulations, which requires information society service providers to furnish basic information to enable customers to identify the organization

they are dealing with. They also established obligations to ensure appropriate levels of transparency with respect to commercial communications on-line.

Statistics show that local companies have consistently made greater use of Information Technology. Over 96% use computers and around 90% use Internet. Sixty-three percent have broadband connectivity while 66% operate a website.

The Maltese Government has invested in ICT and would like to see Malta become an IT center in the region. The government sees the development of SmartCity Malta development, undertaken by TECOM modeled on their Dubai InternetCity development, as a step toward this goal. SmartCity Malta is projected to attract around 200 new ICT companies to Malta and create around 5,600 jobs.

The Electronic Commerce Directive (2000/31/EC) provides rules for online services in the EU. It requires providers to abide by rules in the country where they are established (country of origin). Online providers must respect consumer protection rules such as indicating contact details on their website, clearly identifying advertising and protecting against spam. The Directive also grants exemptions to liability for intermediaries that transmit illegal content by third parties and for unknowingly hosting content. The European Commission released a work plan in 2012 in order to facilitate cross-border online services and reduce barriers.

Key Link: http://ec.europa.eu/internal_market/e-commerce/directive_en.htm

In July 2003, the EU started applying Value Added Tax (VAT) to sales by non-EU based companies of Electronically Supplied Services (ESS) to EU based non-business customers. U.S. companies that are covered by the rule must collect and submit VAT to EU tax authorities. European Council Directive 2002/38/EC further developed the EU rules for charging Value Added Tax. These rules were indefinitely extended following adoption of directive 2008/8/EC

U.S. businesses mainly affected by the 2003 rule change are those that are U.S. based and selling ESS to EU based, non-business customers or those businesses that are EU based and selling ESS to customers outside the EU who no longer need to charge VAT on these transactions. There are a number of compliance options for businesses. The Directive created a special scheme that simplifies registering with each Member State. The Directive allows companies to register with a single VAT authority of their choice. Companies have to charge different rates of VAT according to where their customers are based but VAT reports and returns are submitted to just one authority. The VAT authority responsible for providing the single point of registration service is then responsible for reallocating the collected revenue among the other EU VAT authorities.

Key Link: http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm

Trade Promotion and Advertising

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The main means of product advertising in Malta is through daily newspapers, billboards and local television, all of which maintain their own advertising departments.

Malta has six local TV stations and 10 radio stations. A large number of foreign television broadcasts, including several American shows, are available through the cable, digital or satellite networks. Visit:

<http://tvm.com.mt><http://www.nettv.com.mt/>

<http://www.one.com.mt/><http://www.smashmalta.com>

There are four newspapers published daily, two Maltese-language dailies and two English-language dailies; five Sunday publications and another five papers that are published on a weekly basis. In addition there are several online news outlets.

Times of Malta - <http://www.timesofmalta.com>

Malta Independent - <http://www.independent.com.mt>

L-Orizzont (Maltese language) - <http://www.l-orizzont.com/>

Malta Right Now (Maltese language): www.maltarightnow.com

L-Kulhadd (Maltese language): www.kulhadd.com DI-VE.com: di-ve news - <http://www.di-ve.com>

Maltatoday: www.maltatoday.com

Malta Star: www.maltastar.com

Several specialized trade fairs are held during the year at Malta's trade fair and conventions facility. Visit <http://www.mfcc.com.mt/>

American companies who wish to sell to Maltese companies may feature their products or services in the "Featured U.S. Exporters" section of the Embassy's Commercial Section website. Visit: <http://malta.usembassy.gov/com-serviceforus.html>

General EU Legislation

The Commission adopted a Directive, in force since October 1986, to establish minimum and objective criteria regarding truth in advertising. The Directive was amended in October 1997 to include comparative advertising. Under the Directive, misleading advertising is defined as any "advertising which in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behavior or which for those reasons, injures or is likely to injure a competitor.

Comparative advertising, subject to certain conditions, is defined as "advertising which explicitly or by implication identifies a competitor or goods or services by a competitor." Malta restricts misleading or comparative advertising.

The EU's Television without Frontiers Directive lays down legislation on broadcasting activities allowed within the EU. From 2009 the rules will allow for US-style product placement on television and the three-hour/day maximum of advertising will be lifted. However, a 12-minute/hour maximum will remain. Child programming will be subject to a code of conduct that will include a limit of junk food advertising to children.

Following the adoption of the 1999 Council Directive on the Sale of Consumer Goods and Associated Guarantees, product specifications, as laid down in advertising, are now considered as legally binding on the seller. (For additional information on Council

Directive 1999/44/EC on the Sale of Consumer Goods and Associated Guarantees, see the legal warranties and after-sales service section below.)

The EU adopted Directive 2005/29/EC concerning fair business practices in a further attempt to tighten up consumer protection rules. These new rules will outlaw several aggressive or deceptive marketing practices such as pyramid schemes, "liquidation sales" when a shop is not closing down, and artificially high prices as the basis for discounts in addition to other potentially misleading advertising practices. Certain rules on advertising to children are also set out.

Key Links:

http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bus_pract/index_en.htm

http://ec.europa.eu/avpolicy/reg/avms/index_en.htm

Medicine

The advertising of medicinal products for human use is regulated by Council Directive 2001/83/EC. Generally speaking, the advertising of medicinal products is forbidden if market authorization has not yet been granted or if the product in question is a prescription drug. Mentioning therapeutic indications where self-medication is not suitable is not permitted, nor is the distribution of free samples to the general public. The text of the advertisement should be compatible with the characteristics listed on the product label, and should encourage rational use of the product. The advertising of medicinal products destined for professionals should contain essential characteristics of the product as well as its classification. Inducements to prescribe or supply a particular medicinal product are prohibited and the supply of free samples is restricted.

The Commission presented a new proposal for a framework for information to patients on medicines in 2008. The framework which is still being debated would allow industry to produce non-promotional information about their medicines while complying with strictly defined rules and would be subject to an effective system of control and quality assurance.

Key Link:

http://ec.europa.eu/health/human-use/information-to-patient/index_en.htm

Nutrition & Health Claims

On July 1, 2007, a new regulation on nutrition and health claims entered into force.

[Regulation 1924/2006](#) sets EU-wide conditions for the use of nutrition claims such as "low fat" or "high in vitamin C" and health claims such as "helps lower cholesterol". The regulation applies to any food or drink product produced for human consumption that is marketed on the EU market. Only foods that fit a certain nutrient profile (below certain salt, sugar and/or fat levels) will be allowed to carry claims. Nutrition and health claims will only be allowed on food labels if they are included in one of the EU positive lists. Food products carrying claims must comply with the provisions of [nutritional labeling directive 90/496/EC](#). From 2010, only nutrition claims in the Annex will be allowed.

Key Link: http://ec.europa.eu/food/food/labellingnutrition/claims/index_en.htm

The development of nutrient profiles, originally scheduled for January 2009, is being delayed due to the 2009 Parliamentary elections and the appointment of a new Commission. Once they have been set, there will be another two-year period before the nutrient profiles begin to apply to allow food operators time to comply with the new rules. Nutrition claims can fail one criterion, i.e. if only one nutrient (salt, sugar or fat) exceeds the limit of the profile, a claim can still be made provided the high level of that particular nutrient is clearly marked on the label. For example, a yogurt can make a low-fat claim even if it has high sugar content but only if the label clearly states "high sugar content". Health claims cannot fail any criteria.

Disease risk reduction claims and claims referring to the health and development of children will require an authorization on a case-by-case basis, following the submission of a scientific dossier to EFSA. A simplified authorization procedure has been established for health claims based on new scientific data. [GAIN Report E48055](#) describes how application dossiers for authorization of health claims should be prepared and presented. A guidance document on how companies can apply for health claim authorizations can be downloaded from EFSA's website at: http://www.efsa.europa.eu/EFSA/ScientificPanels/NDA/efsa_locale-1178620753812_1178684448831.htm.

Summary Document:

http://www.efsa.europa.eu/cs/BlobServer/Scientific_Opinion/nda_op_ej530_guidance_summary_en.pdf?ssbinary=true

Full Text:

http://www.efsa.europa.eu/cs/BlobServer/Scientific_Opinion/nda_op_ej530_guidance_20health_claim_en.pdf,2.pdf?ssbinary=true

Key Links:

http://www.efsa.europa.eu/EFSA/efsa_locale-1178620753812_1178620835814.htm

Food Supplements

Regulation 1925/2006, applicable as of July 1, 2007, harmonizes rules on the addition of vitamins and minerals to foods. The regulation lists the vitamins and minerals that may be added to foods and sets criteria for establishing minimum and maximum levels.

Key Link: <http://www.fas.usda.gov/posthome/useu/foodsupplements.html>

Tobacco

The EU Tobacco Advertising Directive bans tobacco advertising in printed media, radio, and internet as well as the sponsorship of cross-border events or activities. Advertising in cinemas and on billboards or merchandising is allowed though these are banned in Malta in the case of tobacco. Tobacco advertising on television has been banned in the

EU since the early 1990s and is governed by the TV Without Frontiers Directive. The EU plans to revise the Tobacco Products Directive in 2012 with possible changes could include bigger, double-sided health pictorial warnings on cigarette packages and plain packaging. In addition, smoking in confined public areas in Malta is prohibited.

Key links:

http://ec.europa.eu/health/index_en.htm

http://ec.europa.eu/health/tobacco/law/advertising/index_en.htm

Pricing

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Malta has very limited price controls on consumer staples including milk and bread. When pricing a product, firms should consider payment and credit terms. Orders for the Maltese internal market are usually very small by international standards.

Maltese importers generally expect a Cost, Insurance and Freight (CIF) quotation; however, quotes on a Free on Board (FOB) basis are also acceptable. VAT is 18% on most products.

Sales Service/Customer Support

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Product labeling

Conscious of the discrepancies among Member States in product labeling, language use, legal guarantee, and liability, the redress of which inevitably frustrates consumers in cross-border shopping, the EU institutions have launched a number of initiatives aimed at harmonizing national legislation. Suppliers within and outside the EU should be aware of existing and upcoming legislation affecting sales, service, and customer support.

Product Liability

Under the 1985 Directive on liability of defective products, amended in 1999, the producer is liable for damage caused by a defect in his product. The victim must prove the existence of the defect and a causal link between defect and injury (bodily as well as material). A reduction of liability of the manufacturer is granted in cases of negligence on the part of the victim.

Key link: http://ec.europa.eu/enterprise/regulation/goods/liability_en.htm

Product Safety

The 1992 General Product Safety Directive introduces a general safety requirement at the EU level to ensure that manufacturers only place safe products on the market. It was revised in 2001 to include an obligation on the producer and distributor to notify the Commission in case of a problem with a given product, provisions for its recall, the

creation of a European Product Safety Network, and a ban on exports of products to third countries that are not deemed safe in the EU.

Key link: http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm

Legal Warranties and After-sales Service

Under the 1999 Directive on the Sale of Consumer Goods and Associated Guarantees, professional sellers are required to provide a minimum two-year warranty on all consumer goods sold to consumers (natural persons acting for purposes outside their trade, businesses or professions), as defined by the Directive. The remedies available to consumers in case of non-compliance are:

- repair of the good(s);
- replacement of the good(s);
- a price reduction; or
- rescission of the sales contract.

Key link:

http://ec.europa.eu/comm/consumers/cons_int/safe_shop/guarantees/index_en.htm

Other issues pertaining to consumers' rights and protection, such as the New Approach Directives, CE marking, quality control and data protection are dealt with in Chapter 5 of this report.

Protecting Your Intellectual Property

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Malta has fully implemented the EU and WTO rules regarding intellectual property into national law. The following is a summary of EU related regulations. For additional information, please refer also to Chapter 6 – Investment Climate Statement.

Several general principles are important for effective management of intellectual property rights in Malta. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in the EU than in the U.S. Third, rights must be registered and enforced *in* Malta under local laws. Companies may wish to seek advice from local attorneys or IP consultants. The U.S. Commercial Service can often provide a list of local lawyers upon request.

There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Maltese market.

It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in the EU. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. While the U.S. Government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should USG advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in the EU require constant attention. Work with legal counsel familiar with local laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations, both EU- and U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IPR is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.

- For US small and medium-size companies, the Department of Commerce offers a "SME IPR Advisory Program" available through the American Bar Association. For details and to register, visit: <http://www.abanet.org/intlaw/intlproj/iprprogram.html>
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products) and allows you to register for Webinars on protecting IPR.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. For contact information, please see: http://www.uspto.gov/ip/global/attache/Attache_Contacts_12-23-11.doc

Copyright

The EU's legislative framework for copyright protection consists of a series of Directives covering areas such as the legal protection of computer programs, the duration of protection of authors' rights and neighboring rights, and the legal protection of databases. Malta has fully implemented the rules into national law; and the Commission is now focusing on ensuring that the framework is enforced accurately and consistently across the EU.

The on-line copyright Directive (2001/29/EC) addresses the problem of protecting rights holders in the online environment while protecting the interests of users, ISPs and hardware manufacturers. It guarantees authors' exclusive reproduction rights with a single mandatory exception for technical copies (to allow caching), and an exhaustive list of other exceptions. This list is meant to reflect different cultural and legal traditions, and includes private copying "on condition right holders receive fair compensation."

Key Link: http://ec.europa.eu/internal_market/copyright/index_en.html

Patents

EU countries have a "first to file" approach to patent applications, as compared to the "first to invent" system currently followed in the United States. This makes early filing a top priority for innovative companies. It is not yet possible to file for a single EU-wide patent that would be administered and enforced like the Community Trademark (see below). For the moment, only 13 European Union countries, including Malta, have joined the initiative of forging ahead with the creation of a simplified patent-registration system after an EU-wide agreement was blocked by other countries. This initiative still needs to win the final approval from the European Parliament and the EU Council. (The other countries forming part of this initiative are Denmark, Estonia, Finland, France, Germany, Lithuania, Luxembourg, the Netherlands, Poland, Slovenia, Sweden and the UK). This initiative will allow individuals to register their patent in any one of the member states included in the group and the patent will be recognized in all these countries. This will entail much less bureaucracy and expense than under the current rules.

Currently, the most effective way for a company to secure a patent across a range of EU national markets is to use the services of the European Patent Office (EPO) in Munich. It offers a one-stop-shop that enables rights holders to get a bundle of national patents using a single application. However, these national patents have to be validated, maintained and litigated separately in each Member State. The Maltese organization responsible for the registration of patents is the Industrial Property Registrations Directorate within the Ministry for Finance, the Economy and Investment. .

Key Links: http://ec.europa.eu/internal_market/indprop/index_en.htm
<http://www.epo.org/>
http://www.commerce.gov.mt/ipr_patient01.asp

Trademarks

The EU-wide Community Trademark (CTM) can be obtained via a single language application to the Office of Harmonization in the Internal Market (OHIM) in Alicante, Spain. It lasts ten years and is renewable indefinitely. For companies looking to protect trademarks in three or more EU countries the CTM is a more cost effective option than registering separate national trademarks.

On October 1, 2004, the European Commission (EC) acceded to the World Intellectual Property Organization (WIPO) Madrid Protocol. The accession of the EC to the Madrid Protocol establishes a link between the Madrid Protocol system, administered by WIPO, and the Community Trademark system, administered by OHIM. As of October 1, 2004, Community Trademark applicants and holders are allowed to apply for international protection of their trademarks through the filing of an international application under the Madrid Protocol. Conversely, holders of international registrations under the Madrid Protocol will be entitled to apply for protection of their trademarks under the Community Trademark system.

Key Links: <http://oami.europa.eu/>
<http://www.wipo.int/madrid/en>

Designs

The EU adopted a Regulation introducing a single Community system for the protection of designs in December 2001. The Regulation provides for two types of design protection, directly applicable in each EU Member State: the registered Community design and the unregistered Community design. Under the registered Community design system, holders of eligible designs can use an inexpensive procedure to register them with the EU's Office for Harmonization in the Internal Market (OHIM), based in Alicante, Spain. They will then be granted exclusive rights to use the designs anywhere in the EU for up to twenty-five years. Unregistered Community designs that meet the Regulation's requirements are automatically protected for three years from the date of disclosure of the design to the public.

Key Link: <http://oami.europa.eu/>

Trademark Exhaustion

Within the EU, the rights conferred on trademark holders are subject to the principle of "exhaustion." Exhaustion means that once trademark holders have placed their product on the market in one Member State, they lose the right to prevent the resale of that product in another EU country. This has led to an increase in the practice of so called "parallel importing" whereby goods bought in one Member State are sold in another by third parties unaffiliated to the manufacturer. Parallel trade is particularly problematic for the research-based pharmaceutical industry where drug prices vary from country to country due to national price Regulation.

Community wide exhaustion is spelled out in the Directive on harmonizing trademark laws. In a paper published in 2003, the Commission indicated that it had no plans to propose changes to existing legal provisions.

Key Link: http://ec.europa.eu/internal_market/indprop/tm/index_en.htm

Due Diligence

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The Embassy can provide background information on companies operating in Malta. American companies may also request information from the Malta Chamber of Commerce and Enterprise at <http://www.maltachamber.org.mt/> or Amcham Malta <http://www.amcham-malta.org/> Full company reports are available from Creditinfo Malta, which is the local representative of Dun & Bradstreet <http://www.creditinfo.com.mt/>

Local Professional Services

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Following are links to some leading local professional organizations:

Malta Federation of Professional Associations: <http://www.mfpa.org.mt/about>
Malta Institute of Accountants: <http://www.miamalta.org/>
Malta Society of Arts, Manufacture & Commerce: <http://www.artsmalta.org/becomeamember.asp>
Institute of Financial Services – Malta: <http://www.ifsmalta.org/>

Web Resources

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<http://malta.usembassy.gov/commercial.html>
<http://www.gov.mt>
<http://www.maltachamber.org.mt>
<http://malta.usembassy.gov/>

<http://www.maltaenterprise.com/>
<http://www.centralbankmalta.com/>
<http://www.mfsa.com.mt/pages/default.aspx>
<http://www.financemalta.org>

EU websites:

Coordination of the laws of the member states relating to self-employed commercial agents (Council Directive 86/653/EEC):

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML>

Agreements of Minor importance which do not appreciably restrict Competition under Article 81(1) of the Treaty establishing the European Community

http://eurlex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf

Directive on Late Payment:

http://ec.europa.eu/enterprise/policies/single-market-goods/files/late_payments/doc/directive_2011_7_en.pdf

European Ombudsman:

<http://www.ombudsman.europa.eu/home/en/default.htm>

EU's General Data Protection Directive (95/46/EC):

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:1995:281:0031:0050:EN:PDF>

Safe Harbor:

<http://www.export.gov/safeharbor/>

Information on contracts for transferring data outside the EU:

http://ec.europa.eu/justice/policies/privacy/modelcontracts/index_en.htm

EU Data Protection Homepage

http://ec.europa.eu/justice/policies/privacy/index_en.htm

Distance Selling Rules:

http://ec.europa.eu/consumers/cons_int/safe_shop/dist_sell/index_en.htm

Distance Selling of Financial Services:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0065:EN:NOT>

E-commerce Directive (2000/31/EC):

http://ec.europa.eu/internal_market/e-commerce/index_en.htm

VAT on Electronic Service:

http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm

The Unfair Commercial Practices Directive:

http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bU.S._pract/index_en.htm

Information to Patients - Major developments:

http://ec.europa.eu/health/human-use/information-to-patient/legislative-developments_en.htm

Nutrition and health claims made on foods: [Regulation 1924/2006](#)

Provisions of Nutritional Labeling

Nutritional Labeling Directive 90/496/EC

[http://eur-](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:1990:276:0040:0044:EN:PDF)

[lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:1990:276:0040:0044:EN:PDF](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:1990:276:0040:0044:EN:PDF)

EU-27 FAIRS EU Country Report on Food and Labeling requirements:

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Brussels%20USEU_EU-27_1-4-2012.pdf

Guidance document on how companies can apply for health claim authorizations:

Summary document from EFSA

http://www.efsa.europa.eu/cs/BlobServer/Scientific_Opinion/nda_op_ej530_guidance_summary_en.pdf?ssbinary=true

Full document from EFSA

http://www.efsa.europa.eu/cs/BlobServer/Scientific_Opinion/nda_op_ej530_guidance_20health_claim_en.pdf,2.pdf?ssbinary=true

Health & Nutrition Claims

http://ec.europa.eu/food/food/labellingnutrition/claims/index_en.htm

Tobacco

http://ec.europa.eu/health/tobacco/policy/index_en.htm

Product Liability:

http://europa.eu/legislation_summaries/consumers/consumer_safety/l32012_en.htm

Product Safety

http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm

Legal Warranties and After-Sales Service:

http://ec.europa.eu/consumers/rights/gen_rights_en.htm

Copyright: http://ec.europa.eu/internal_market/copyright/documents/documents_en.htm

Harmonization of certain aspects of Copyright and related rights in the Information Society - Copyright Directive (2001/29/EC):

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32001L0029:EN:HTML>

Industrial Property

http://ec.europa.eu/internal_market/indprop/index_en.htm

European Patent Office (EPO)

<http://www.european-patent-office.org/>

Office for Harmonization in the Internal Market (OHIM)

<http://oami.europa.eu/>

World Intellectual Property Organization (WIPO) Madrid

<http://www.wipo.int/madrid/en>

Directive on harmonizing trademark laws:

http://ec.europa.eu/internal_market/indprop/tm/index_en.htm

U.S. websites:

IPR Toolkit:

<http://export.gov/europeanunion/marketresearch/intellectualpropertyrightssector/index.asp>

EU Public Procurement:

<http://export.gov/europeanunion/marketresearch/eufundingandgovernmentprocurementsectors/index.asp>

Local Professional Services: http://export.gov/europeanunion/eg_eu_030910.asp .

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Chapter 4: Leading Sectors for U.S. Export and Investment

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Agricultural Sectors

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Malta is a traditional user of U.S. red winter wheat and soft wheat for the production of traditional Maltese bread. U.S. suppliers of wheat should continue to avail themselves of this custom.

The Kordin Grain Terminal is centrally located for handling, storage and transshipment of all types of all free flowing grains, such as wheat, corn and barley. It offers services including direct ship-to-ship transfer, recycling, fumigation and temperature monitoring.

Malta is also a substantial importer of timber and timber products, most notably American Oak, for use by the local wood manufacturing industry. As US hard and softwoods find a growing market in Italy, they should continue to grow in Malta.

Now that Malta is a member of the European Union, access to this market is harmonized with other member states. US products already exported to the EU market should be considered for the Maltese market. Although small, Maltese have a unique palate, formed by the intersection of their Mediterranean location and British historical connection. Maltese supermarkets are filled with a range of products and brands from neighboring Italy. Some of the products most likely to succeed include tree nut snacks, beers, pet foods, and savory snacks of all kinds. The constraints that new to market entrants will face include strong competition from established brands, particularly British, and price competition.

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<http://italy.usembassy.gov/agtrade.html> [Return to table of contents](#)

Commercial Sectors

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The Showcase Europe program run by the U.S. Department of Commerce's offices throughout Europe provides U.S. exporters a broader perspective on the European market. It is organized around eight leading sectors (listed alphabetically): aerospace & defense, automotive, energy & power generation, environmental technologies, information & communications technologies, medical & pharmaceutical, safety & security and travel & tourism. For more information on how to receive an assessment of your company's product potential in Europe, please visit: <http://www.buyusa.gov/quicktake>.

Communications Services (CES); Computers/Peripherals (CPT); Information Services (INF); Electronic Commerce (ELC)

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Overview

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Malta has made great strides in developing an information society. In 2000, only 28% of Malta's population had mobile phones compared to 93.5% in 2008. In 2002, only 38% of Maltese households had a desktop computer; now the figure is above 67% (2009). Broadband take up continues to grow in the EU with 25.6 subscriptions for every 100 citizens. Malta scored above average, with 28.5 per cent and also scored well in terms of rate growth, being positioned first in 2010 and fourth in 2009. Indeed the number of broadband internet subscriptions almost tripled from 41,551 in 2005 to 117,500 in mid-2010. Malta has also been particularly active in developing e-government services.

Under the Vertical Strategic Alliance (VSA) program, the Ministry for Investment, Industry and Information Technology (MIIT) joined with leading global ICT players to promote far-reaching educational and assistance to industry programs. The Maltese government entered into VSAs with Microsoft Corporation, HP, Oracle, IBM, SAP and ESRI. According to MIIT, the estimated overall value of the investment made by these corporations in these VSAs exceeds €100 million.

In 2006, 36% of the investment projects set up in Malta by Malta Enterprise were in the field of ICT. The greatest project was that signed with Tecom Investments, a subsidiary of Dubai Holdings, for the development of SmartCity Malta a \$300 million project, and the largest single development project in Malta. By 2012, it is expected to generate 5,600 jobs and serve as a regional ICT services hub transforming Malta into a global ICT leader.

Vision 2015 and Beyond identifies a number seven main sectors which the Government of Malta believes can and should be the main thrusts of the future economic activity for the country. The ICT industry is expected to be one of the seven leading sectors in the Maltese economy.

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By 2012, some 4000 new jobs are expected to be created in the ICT sector, 200 new ICT companies will be set up and some 15 new Vertical Strategic Alliances are expected to be signed by the Maltese government. Malta would therefore welcome ties with U.S and other leading ICT companies for the delivery of value added programs and initiatives. The focus of the VSAs will be to invest in ICT education and specialized fields, and to offer assistance to Maltese SMEs in acquiring knowledge, research and marketing.

Opportunities

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Opportunities exist for U.S. suppliers of products/services in the E-business and E-commerce fields. The Maltese ICT sector will need assistance in the ever-growing software support and process management sectors. Opportunities also exist for ICT research, intelligence and data monitoring organizations that might be interested in setting up regional operation centers in Malta. The thrust on the local ICT sector will put strain on the local demand for highly specialized staff. As a result, there are great opportunities for U.S. companies in the ICT training and human resources field.

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Malta Communications Authority (regulatory agency) <http://www.mca.org.mt/>
Ministry for Infrastructure, Transport and Communications - www.mitc.gov.mt

Energy – Electrical Power Systems and Equipment (ELP); Renewable Energy (REQ)

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Overview

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The annual consumption of electricity in Malta is less than 2,500 GWh. However, with the increase in the tourist and domestic base, the demand for electrical generation is set to continue to increase. With Malta's joining of the European Union, the generation of electrical power and the importation of fuels has been legally liberalized.

Best Prospects/Services

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Enemalta Corporation, the government-owned energy production and distribution company needs to upgrade the outdated generation plants in Marsa and extend the generation capacity in Delimara. National Funds will be deployed, to enhance the current distribution network to enable to cater for large-scale development projects currently under construction and the possibility of increased capacity through long-term interconnection with mainland Europe and large offshore RES farms. National funds will also be allocated, in the longer-term, to construct a new 100MW generating plant running on the best available technologies. This plant is planned to be highly efficient (>43%) and have low emissions. European Funds will support national initiatives through a project which consists of the modification and application of best available technologies to the boilers at the existing Delimara Power Station with a view to improving air quality and bring it in line with emission standards required. A tender has already been issued by GOM in 2009 for the manufacture, delivery, installation and commissioning of the following goods: Conversion of Boilers 1 and 2 at Delimara Power Station to reduce NOx and Dust emissions.

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U.S. suppliers of power plant generation and distribution equipment should be in a good position to supply some or all of the additional power generation equipment that will be required. Investment in a new power generation plant is also a possibility. Suppliers of fuel and other chemical by-products also stand to benefit.

Malta has not yet made use of renewable energy technology products, although it has been studying several alternatives. Worldwide increases in energy costs have given new impetus to this work, as Malta imports all of its energy. In 2009, the government issued a proposal for an Energy policy in Malta including proposals for wind power turbines. U.S. suppliers of this type of equipment may find opportunities.

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Malta Resources Authority - <http://www.mra.org.mt/>

Enemalta Corporation - <http://www.enemalta.com.mt/>

Ministry for Infrastructure, Transport and Communications - www.mitc.gov.mt

Franchising (FRI)

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U.S. companies are leaders in franchising. Several of the larger companies, such as McDonald's, Pizza Hut and Hard Rock Café, are present in Malta. Franchising by U.S. companies has been limited to restaurants such as these. Many other areas remain untapped.

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There are still good opportunities for U.S. franchises. Many franchisors with widely recognized names, like Starbucks, Ruby Tuesday, Dominos Pizza, Applebees, Haagen Dazs and Dunkin Donuts are not operating in Malta.

Other areas, which might offer promising opportunities to U.S. franchisors, include clothing, do-it-yourself stores, and training for the business sector, such as entrepreneurial and management training, advanced computer training and other training involving high technology communications and electronics.

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U.S. Embassy's Commercial Section - <http://malta.usembassy.gov/commercial.html>

Financial Services (FNS)

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Malta has a comprehensive package of laws that regulate the provision of financial services from Malta and provides a favorable legal and regulatory framework for the provision of such services. The legislation is enforced by the Malta Financial Service Authority (MFSA) and adheres to the EU and most of the other international standards and codes.

The Companies Act provides for the setting up of investment companies with variable share capital and companies with share capital denominated in a foreign currency. Nominee shareholding is allowed both for local and foreign companies. The Investment Services Act regulates the business of the entire group range of investment business in Malta.

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Opportunities exist in the area of trade finance; group marketing of regional business activities (typical representative office), regional center for private banking business activities, trust business, investment banking and advise, venture capital banking, captive insurance, fund management and custody service, private pensions funds, and all types of outsourcing and coordination services, such as accounting and administration, insurance management, fund administration, electronic payments systems.

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Malta Financial Services Authority - <http://www.mfsa.com.mt/mfsa/default.asp>
Finance Malta - www.financemalta.org

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Chapter 5: Trade Regulations, Customs and Standards

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Import Tariffs

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As a full EU member, Malta imposes customs tariffs on imports from non-EU countries. Rates of duties are contained in the Import Duties Act, which may be accessed at: <http://justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=8810&l=1>

Malta also applies the EU trade policy like for instance antidumping or anti-subsidy measures.

The importer is also liable to pay Value Added Tax (VAT), which, in most cases, is at the rate of 18%. Further information and details are contained in the Value Added Tax Act. This document is accessible at:

<http://www.vat.gov.mt/vat.aspx>

<http://justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=8872&l=1>

Trade Barriers

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For information on existing trade barriers, please see the National Trade Estimate Report on Foreign Trade Barriers, published by USTR and available through the following website:

<http://www.ustr.gov/about-us/press-office/reports-and-publications/2011-0>

Information on agricultural trade barriers can be found at the following website:

<http://www.fas.usda.gov/posthome/useu/>

To report existing or new trade barriers and get assistance in removing them, contact either the Trade Compliance Center at <http://www.trade.gov/tcc> or the U.S. Mission to the European Union at <http://www.buyusa.gov/europeanunion>.

Most imports into Malta do not require an import license. However, in conformity with EU regulations, U.S. exporters may encounter the need of one or more of the following licensing requirements:

- Common Agricultural Policy (CAP) Licenses. These are usually needed for foodstuffs, whether imported as raw materials or processed goods. These licenses are processed and controlled by the Ministry for Resources and Rural Affairs.
- Trade Services Division (DTI) Licenses. These might be needed for any type of product. Licenses are normally required for the importation of firearms and nuclear materials, but licenses may also be needed for other items. Also issued by the Trade Services Division are import licenses for quotas; this office is part of the Ministry of Finance, the Economy and Investment.
- Certificate of Veterinary Clearance (CVC) processed by the Ministry for Resources and Rural Affairs. Goods, such as meat, poultry, milk, eggs, sausage skins and fishery products are required to undergo veterinary health checks at a Border Inspection Post (BIP) on arrival in Malta. In addition to the veterinary documents required by the BIP, a Certificate of Veterinary Clearance (CVC) issued by the BIP is normally required to obtain Customs clearance. Rabies susceptible animals require a national import license. All plants intended for growing, and a range of fruits, vegetables and other plant products must be accompanied by a plant health certificate and/or import license. Endangered species and their products need specific permits or other documentation to be legally imported.
- European Union License. The import of certain ozone depleting substances (ODS) and products, which contain them, is either prohibited or requires the authority of an import license issued by the EU.

Import Requirements and Documentation

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The Integrated Tariff of the Community, referred to as TARIC (Tarif Intégré de la Communauté), is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a license is required for a particular product, check the TARIC.

The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union. The online TARIC is updated daily.

Key Link: http://ec.europa.eu/taxation_customs/common/databases/taric/index_en.htm

Further information can also be found at the U.S. Commerce Department's Market Research Library, available from: <http://www.export.gov/mrktresearch/index.asp>.

Import Documentation

Non-agricultural Documentation

The official model for written declarations to customs is the Single Administrative Document (SAD). However, other forms may be used for this purpose. Information on import/export forms is contained in Title VII, of Council Regulation (EEC) No. 2454/93, which establishes provisions for the implementation of Council Regulation (EEC) No. 2913/92 establishing the Community Customs Code (Articles 205 through 221). Articles 222 through 224 provide for computerized customs declarations and Articles 225 through 229 provide for oral declarations.

Additional information on import/export documentation can be found in Title III, of Council Regulation (EEC) No. 2913/92 of October 12, 1992, establishing the Community Customs Code (Articles 37 through 57). Goods brought into the customs territory of the Community are, from the time of their entry, subject to customs supervision until customs formalities are completed.

Key Link: http://eur-lex.europa.eu/smartapi/cgi/sga_doc?smartapi!celexapi!prod!CELEXnumdoc&lg=EN&numdoc=31992R2913&model=guichett

Goods presented to customs are covered by a summary declaration, which is lodged once the goods have been presented to customs. The customs authorities may, however, allow a period for lodging the declaration, which cannot be extended beyond the first working day following the day on which the goods are presented to customs. The summary declaration can be made on a form corresponding to the model prescribed by the customs authorities. However, the customs authorities may permit the use, as a summary declaration, of any commercial or official document that contains the particulars necessary for identification of the goods. It is encouraged that the summary declaration be made in computerized form.

The summary declaration is to be lodged by:

- the person who brought the goods into the customs territory of the Community or by any person who assumes responsibility for carriage of the goods following such entry; or
- the person in whose name the person referred to above acted.

Non-EU goods presented to customs must be assigned a customs-approved treatment or use authorized for such non-Community goods. Where goods are covered by a summary declaration, the formalities for them to be assigned a customs-approved treatment or use must be carried out:

- 45 days from the date on which the summary declaration is lodged in the case of goods carried by sea;
- 20 days from the date on which the summary declaration is lodged in the case of goods carried other than by sea.

Where circumstances so warrant, the customs authorities may set a shorter period or authorize an extension of the period.

The Modernized Customs Code (MCC) of the European Union became effective on 24 June 2008. Yet the factual implementation of this Code will be delayed until its provisions have been concretized and detailed in a modernized CCCIP (MCCIP). In the most favorable scenario the MCCIP will take effect as early as on 24 June 2009; its

ultimate implementation date is scheduled for 24 June 2013.. The MCC will replace the existing Regulation 2913/92 and simplify various procedures such as introducing a paperless environment, centralized clearance, and more. Check the EU's Customs website periodically for updates:

http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/community_code/index_en.htm.

Batteries

EU battery rules changed in September 2006 following the publication of the Directive on batteries and accumulators and waste batteries and accumulators (Directive 2006/66). This Directive replaces the original Battery Directive of 1991 (Directive 91/157). The updated Directive applies to all batteries and accumulators put on the EU market including automotive, industrial and portable batteries. It aims to protect the environment by restricting the sale of batteries and accumulators that contain mercury or cadmium (with an exemption for emergency and alarm systems, medical equipment and cordless power tools) and by promoting a high level of collection and recycling. It places the responsibility on producers to finance the costs associated with the collection, treatment, and recycling of used batteries and accumulators. The Directive also includes provisions on the labeling of batteries and their removability from equipment.

For more information, see our market research report:

http://www.buyusainfo.net/docs/x_8086174.pdf or visit the CS EU website Batteries Direct page at: <http://www.buyusa.gov/europeanunion/batteries.html>

REACH

REACH is the system for controlling chemicals in the EU. It came into force in 2007 (Regulation 1907/2006). Virtually every industrial sector, from automobiles to textiles, is affected by the new policy. REACH stands for the "Registration, Evaluation and Authorization and Restriction of Chemicals." REACH requires chemicals produced or imported into the EU in volumes above 1 ton per year to be registered with a central database handled by the European Chemicals Agency (ECHA), including information on their properties, uses and safe ways of handling them. The next registration deadline is **May 31, 2013**: <http://echa.europa.eu/web/guest/reach-2013>. U.S. companies without a presence in Europe cannot register directly and must have their chemicals registered through their importer or EU-based 'Only Representative of non-EU manufacturer'. A list of Only Representatives (ORs) can be found on the website of the U.S. Mission to the EU: <http://export.gov/europeanunion/reachclp/index.asp>

MSDS must be updated to be REACH compliant. For more information, see the guidance on the compilation of safety data sheets:

http://echa.europa.eu/documents/10162/17235/sds_en.pdf

U.S. exporters to the EU should carefully consider the REACH 'Candidate List' of substances of very high concern. Substances on that list are subject to communication requirements, and at a later stage, may require authorization for the EU market. For more information, see the ECHA website: <http://echa.europa.eu/web/guest/candidate-list-table>

Other resources: <http://www.mepa.org.mt/>
<http://www.mrra.gov.mt/>

WEEE & RoHS

EU rules on Waste Electrical and Electronic Equipment (WEEE), while not requiring specific customs or import paperwork, may entail a financial obligation for U.S. exporters. They require U.S. exporters to register the products with a national WEEE authority, or arrange for this to be done by a local partner. The WEEE Directive is currently being revised; U.S. exporters seeking more information on WEEE and RoHS regulations should visit: <http://export.gov/europeanunion/weeerohs/index.asp>

The ROHS Directive, restricting the use of certain chemicals in electrical and electronic equipment, was revised in 2011 to become a CE marking directive and cover medical devices and monitoring and control equipment. The new ROHS Directive will replace the existing one on January 2, 2013. For more information on products covered by the legislation, substances banned in electrical and electronic equipment and the possibility to request exemptions, see:
<http://export.gov/europeanunion/weeerohs/rohsinformation/index.asp> *Cosmetics*

On November 30, 2009, the EU adopted a new regulation on cosmetic products which will apply from **July 11, 2013**. The new law introduces an EU-wide system for the notification of cosmetic products and the requirement to appoint a responsible person in the EU. For more information, see:

http://export.gov/europeanunion/accessingeumarketsinkeyindustrysectors/eg_eu_044318.asp

Links: <http://www.mepa.org.mt/>
<http://www.mrra.gov.mt/>

Agricultural Documentation

Phytosanitary Certificates: Phytosanitary certificates are required for most fresh fruits, vegetables, and other plant materials.

Sanitary Certificates: For commodities composed of animal products or by-products, EU countries require that shipments be accompanied by a certificate issued by the competent authority of the exporting country. This applies regardless of whether the product is for human consumption, for pharmaceutical use, or strictly for non-human use (e.g., veterinary biologicals, animal feeds, fertilizers, research). In addition to the legally required EU health certificates, a number of other certificates are used in international trade. These certificates, which may also be harmonized in EU legislation, certify origin for customs purposes and certain quality attributes. Up-to-date information on harmonized import requirements can be found at the following website:
<http://www.fas.usda.gov/posthome/useu/usda.html>

Sanitary Certificates (Fisheries):

In April 2006, the European Union declared the U.S. seafood inspection system as equivalent to the European one. Consequently, a specific public health certificate must accompany U.S. seafood shipments. Commission Decision 2006/199/EC places specific conditions on imports of fishery products from the

U.S. Unlike for fishery products, the U.S. shellfish sanitation system is not equivalent to that of the EU's. The EU and the U.S. are currently negotiating a veterinary equivalency agreement on shellfish. In the meantime, the EU still has a ban in place (since July 1, 2010), that prohibits the import of U.S. bivalve mollusks, in whatever form, into EU territory. This ban does not apply to wild roe-off scallops.

With the implementation of the second Hygiene Package, aquaculture products coming from the United States must be accompanied by a public health certificate according to Commission Decision 2006/199/EC and the animal health attestation included in the new fishery products certificate, covered by Regulation (EC) 1250/2008. This animal health attestation is not required in the case of live bivalve mollusks intended for immediate human consumption (retail).

Since June 2009, the unique U.S. competent authority for issuing sanitary certificates for fishery and aquaculture products is the U.S. Department of Commerce, National Marine Fisheries Service (NOAA-NMFS).

In addition to sanitary certificates, all third countries wishing to export fishery products to the EU are requested to provide a catch certificate. This catch certificate certifies that the products in question have been caught legally.

For detailed information on import documentation for seafood, please contact the NOAA Fisheries office at the U.S. Mission to the EU (stephane.vrignaud@mail.doc.gov) or visit the following FDA dedicated web site: <http://www.fda.gov/Food/default.htm>

U.S. Export Controls

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The Bureau of Industry and Security is responsible for the licensing of exports from the United States. Complete information on license requirements and forms can be accessed on the BIS website at: <http://www.bis.doc.gov>.

The Government of Malta controls the export of military and dual use items and technology in line with international regimes to combat the proliferation of weapons of mass destruction. A full list of dual use items can be found on the following site:

http://www.commerce.gov.mt/trade_dualitems.asp

The following are the links to these regulations, which implement the decisions of EU Council 1334/2000.

Dual Use Items (Export Control) Regulations, 2001 -
<http://justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=10383&l=1>

Military Equipment Export Control Regulations, 2001 -
<http://justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=10384&l=1>

Temporary Entry

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Goods or materials may be temporarily imported into Malta under Temporary Importation (TI) procedures. Relief is given from the payment of customs and other duties due. To receive such treatment, the goods must not be processed or repaired other than routine maintenance necessary to preserve them in the condition in which they were imported.

Products, which can be imported under TI relief, include goods intended for display in an exhibition, goods imported for testing and samples. In most cases, the goods will have to remain in overseas ownership and must be re-exported within the prescribed time limits.

For most temporary importations, security (either cash deposit or bank guarantee) equal to the full amount of customs duty and VAT potentially due will be required. This may be reclaimed when the goods have been re-exported.

The application for a TI authorization can be lodged at the time of entry or prior to shipment. An ATA Carnet can also be used for certain temporary importations. An ATA Carnet is a book of vouchers that replaces the normal customs documentation at the time of importation. The ATA Carnet system is operated worldwide; security to cover potential import and VAT duties is lodged at the country of issue.

Labeling and Marking Requirements

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Labeling requirements in Malta conform to EU regulations. The Malta Competition and Consumer Affairs Authority (MCCAA) has published the following regulations that incorporate labeling requirements for several different sectors. More information can be found on the MSA website at www.msa.org.mt

- On 16 December 2008 the European Parliament (EP) and the Council adopted the new Regulation on classification, labelling and packaging of substances and mixtures which aligns existing EU legislation to the United Nations Globally Harmonised System (GHS). Further information can be found at:
http://www.msa.org.mt/rad/chemicals/consultations/2009/Closed/2009_02%20-%20ICD%20-%20CLP%20Implementation%20Regulations%20-%20Deadline-%2030_04_2009.pdf
- The classification and Labeling of Dangerous Substances and Dangerous Preparations - <http://www.msa.org.mt/rad/chemicals/Chemicals-GHS.pdf>
- Cosmetic Product Regulations -
http://www.msa.org.mt/rad/cosmetics/Information/Guidance%20Documents/FCC-G-303r0_Guidance%20notes%20for%20Cosmetic%20Products.pdf

Further information on the food sector can also be obtained from the food safety commission website - <http://www.health.gov.mt/fsc/fschome.htm>

For the following type of products the information on the label must be in Maltese and/or English: Chemicals, Cosmetics, Food, Detergents and Biocides. Other languages may also be used as long as one of the official languages is present on the label. For Food products and Detergents the Italian language is also accepted. Different product types of biocides may have a compulsory or an optional requirement of having labels in English and Maltese languages. For plant protection products the label should be printed both in Maltese and in English.

Further information on each product type can be found at the following link:
<http://www.msa.org.mt/rad/pesticides/downloads/Labelling%20of%20Biocidal%20Products.pdf>

With regards to the content of the label, the requirements vary from one product to another. For example on the label of a cosmetic product it is mandatory to include the net weight (g/mL), the country of origin (if imported from outside EU), warnings/precautions, function, best before date, etc. Other different products have different mandatory requirements.

Manufacturers are advised to take note that all labels require metric units although dual labeling is also acceptable. The use of language on labels has been the subject of a Commission Communication, which encourages multilingual information, while preserving the right of Member States to require the use of language of the country of consumption.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 2007/45/EC, , harmonizes packaging of wine and spirits throughout the EU. Existing national sizes will be abolished with a few exceptions for domestic producers.

Key Link: <http://ec.europa.eu/enterprise/sectors/legal-metrology-and-prepack/documents/pack-sizes/>

The Eco-label

The EU eco-label is a voluntary label which US exporters can display on products that meet high standards of environmental awareness. The eco-label is intended to be a marketing tool to encourage consumers to purchase environmentally-friendly products. The criteria for displaying the eco-label are strict, covering the entire lifespan of the product from manufacture, to use, to disposal. These criteria are reviewed every three to five years to take into account advances in manufacturing procedures. There are currently twenty-three different product groups, and approximately 250 licenses have been awarded for several hundred products.

Applications to display the eco-label should be directed to the competency body of the member state in which the product is sold. The application fee will be somewhere between €300 and €1300 depending on the tests required to verify if the product is eligible. The eco-label also carries an annual fee equal to 0.15% of the annual volume of sales of the product range within the European community. However, the minimum annual fee is currently set at €500 and maximum €25,000.

There are plans to significantly reform the eco-label in the near future, reducing the application and annual fees and expanding the product ranges significantly. It is also possible that future eligibility criteria may take into account carbon emissions.

Key Links: [Eco-label Home Page](#)-

http://ec.europa.eu/environment/ecolabel/index_en.htm

[Product Categories eligible for the Eco-label](#) -

http://ec.europa.eu/environment/ecolabel/ecolabelled_products/product_categories_en.htm

[Eco-Label Catalogue](#) - <http://www.eco-label.com/default.htm>

[List of Competent Bodies](#) -

http://ec.europa.eu/environment/ecolabel/contacts/competent_bodies_en.htm

[Revision of the Eco-label](#) -

http://ec.europa.eu/environment/ecolabel/about_ecolabel/revision_of_ecolabel_en.htm

[The Eco-label and Carbon Footprint](#) -

http://ec.europa.eu/environment/ecolabel/about_ecolabel/carbon_footprint_en.htm

Prohibited and Restricted Imports

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All items which are prohibited or restricted imports into Malta require an import license – see section entitled “Trade Barriers”. The list of items, which would normally require an import license, is contained in the following regulations:

Legal Notice 242 of 2004 - <http://www.doi.gov.mt/EN/legalnotices/2004/04/LN242.pdf>

Legal Notice 341 of 2004 - <http://www.doi.gov.mt/EN/legalnotices/2004/06/LN341.pdf>

Legal Notice 230 of 2005 -

<http://www.doi.gov.mt/EN/legalnotices/2005/06/LN230.pdf>

The TARIC also shows various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a product is prohibited or subject to restriction, check the TARIC for that product for the following codes:

CITES	Convention on International Trade of Endangered Species
PROHI	Import Suspension
RSTR	Import Restriction

For information on how to access the TARIC, see the Import Requirements and Documentation Section above.

Key Link: http://ec.europa.eu/taxation_customs/common/databases/taric/index_en.htm

Customs Regulations and Contact Information

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Department of Customs

Custom House, Valletta CMR 02, Malta

Tel: (356) 25685(+ext) 25685119, 25685172 or 25658185

Fax: (356) 25685300

E-Mail: malta.customs@gov.mt

Homepage of Customs and Taxation Union Directorate (TAXUD) Website

Key Link: http://ec.europa.eu/taxation_customs/customs/index_en.htm

Major Regulatory Efforts of the EC Customs and Taxation Union Directorate:

Electronic Customs Initiative – Deals with major EU Customs modernization developments to improve and facilitate trade in the EU Member States. The electronic customs initiative is essentially based on the following three pieces of legislation:

- The [Security and Safety Amendment to the Customs Code](#), which provides for full computerization of all procedures related to security and safety;
- The Decision on the paperless environment for customs and trade ([Electronic Customs Decision](#)) which sets the basic framework and major deadlines for the electronic customs projects;
- The [modernized Community Customs Code](#) which provides for the completion of the computerization of customs

Key Link:

http://ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm

Customs Valuation – Most customs duties and value added tax (VAT) are expressed as a percentage of the value of goods being declared for importation. Thus, it is necessary to dispose of a standard set of rules for establishing the goods' value, which will then serve for calculating the customs duty.

The EU imports in excess of one trillion euro worth of goods (year 2004 estimate). It is vitally important that the value of such commerce is accurately measured, for the purposes of

- economic and commercial policy analysis,
- application of commercial policy measures,
- proper collection of import duties and taxes, and
- import and export statistics.

These objectives are met using a single instrument - the rules on customs value.

The EU applies an internationally accepted concept of '[customs value](#)'.

The value of imported goods is one of the three 'elements of taxation' that provides the basis for assessment of the customs debt, which is the technical term for the amount of duty that has to be paid, the other ones being the origin of the goods and the customs tariff.

Key Link:

http://ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/index_en.htm

Customs and Security – At the end of July 2003, the Commission presented to the Parliament and Council a series of measures to address security issues. These measures can be found in [two communications and a proposal for amending the Community Customs Code](#). This package brings together the basic concepts underlying the new security-management model for the EU's external borders, such as a harmonized risk assessment system. The security amendment to the Community Customs Code ([Regulation \(EC\) n° 648/2005 of 13 April 2005](#)) has been published in the Official Journal of the European Union on 4 May 2005. With this amendment the European Union introduces a number of measures to tighten security around goods crossing international borders. The measures will mean faster and better-targeted checks. The results are positive for customs authorities, the public and industry.

The measures cover three major changes to the Customs Code:

- require traders to provide customs authorities with information on goods prior to import to or export from the European Union (see [Pre Arrival / Pre Departure Declarations](#));
- provide reliable traders with trade facilitation measures see [Authorized Economic Operator](#) (AEO);
- introduce a mechanism for setting uniform Community risk-selection criteria for controls, supported by computerized systems.

Key Link:

http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm

Contact Information at national customs authorities:

http://ec.europa.eu/taxation_customs/taxation/personal_tax/savings_tax/contact_points/index_en.htm

Standards

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Overview

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Products tested and certified in the U.S. to American standards are likely to have to be retested and re-certified to EU requirements. Where products are not regulated by specific EU technical legislation, they are subject to the EU's General Product Safety Directive as well as to possible additional national requirements. An important feature of EU standards created under the New Approach is CE marking. For a list of new approach legislation, go to http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index_en.htm

The requirements of CE markings might make products uncompetitive for those U.S. companies that are not already exporting their products to other EU states.

While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations and technical standards might also function as barriers to trade if U.S. standards are different from those of the European Union.

The objective of the Malta Standards Authority (MSA) is to coordinate standardization and related activities in accordance with European and internationally recognized standards and practices.

Agricultural Standards

The establishment of harmonized EU rules and standards in the food sector has been ongoing for several decades, but it took until January 2002 for the publication of a general food law establishing the general principles of EU food law. This Regulation introduced mandatory traceability throughout the feed and food chain as of Jan 1, 2005. For specific information on agricultural standards, please refer to the Foreign Agricultural Service's website at: <http://www.fas.usda.gov/posthome/useu/>

There are also export guides to import regulations and standards available on the Foreign Agricultural Service's website: <http://www.fas.usda.gov/posthome/useu/>

Standards Organizations

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Although the primary role of the Malta Competition and Consumer Affairs Authority (MCCA) is to coordinate the application in Malta of international standards, it also has developed some standards that are specific to the local market, such as those dealing with Maltese lace and filigree works.

Many standards in the EU are adopted from international standards bodies such as the International Standards Organization (ISO). The drafting of specific EU standards is handled by three European standards organizations:

- CENELEC, European Committee for Electrotechnical Standardization (<http://www.cenelec.org/Cenelec/Homepage.htm>)
- ETSI, European Telecommunications Standards Institute (<http://www.etsi.org/>)
- CEN, European Committee for Standardization, handling all other standards (<http://www.cen.eu/cenorm/homepage.htm>)

Standards are created or modified by experts in Technical Committees or Working Groups. The members of CEN and CENELEC are the national standards bodies of the Member States, which have "mirror committees" that monitor and participate in ongoing European standardization. CEN and CENELEC standards are sold by the individual Member States standards bodies. ETSI is different in that it allows direct participation in its technical committees from non-EU companies that have interests in Europe and gives away its individual standards at no charge on its website. In addition to the three standards developing organizations, the European Commission plays an important role in standardization through its funding of the participation in the standardization process of small- and medium-sized companies and non-governmental organizations, such as environmental and consumer groups. The Commission also provides money to the standards bodies when it mandates standards development to the European Standards Organization for harmonized standards that will be linked to EU technical legislation. Mandates can be checked on line at http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index_en.htm

Due to the EU's vigorous promotion of its regulatory and standards system as well as its generous funding for its development, the EU's standards regime is wide and deep - extending well beyond the EU's political borders to include affiliate members (countries which are hopeful of becoming full members in the future) such as Albania, Croatia, FYR of Macedonia, and Turkey among others. Another category, called "partner standardization body" includes the standards organization of Australia, which is not likely to become a CEN member or affiliate for political or geographical reasons. Many other countries are targets of the EU's extensive technical assistance program, which is aimed at exporting EU standards and technical Regulations to developing countries, especially in the Mediterranean and Balkan countries, Africa, as well as programs for China and Latin America.

To know what CEN and CENELEC have in the pipeline for future standardization, it is best to visit their websites. CEN's "sectors" page provides an overview by sector and/or technical committee whereas CENELEC offers the possibility to search its database. ETSI's portal (http://portal.etsi.org/Portal_Common/home.asp) leads to ongoing activities.

With the need to adapt more quickly to market needs, European standards organizations have been looking for "new deliverables" which are standard-like products delivered in a shorter timeframe. While few of these "new deliverables" have been linked to EU Regulations, expectations are that they will eventually serve as the basis for EU-wide standards.

Key Link: <http://www.cen.eu/cenorm/products/cwa/index.asp>

The role of standards in legislation is undergoing review. The Commission's proposal, which is now in its first reading at the European Parliament, clarifies the relationship between regulations and standards and confirms the role of the three European standards bodies in developing EN harmonized standards. The emphasis is also on referencing international standards where possible. For information, communication and technology products, the importance of interoperability standards has been recognized. Through a newly established mechanism, a board will decide which deliverables from fora and consortia will be acceptable for public procurement specifications. The

European standards bodies have been encouraged to improve efficiency in terms of delivery and to look for ways to include more societal stakeholders in European standardization.

Key Link: http://ec.europa.eu/enterprise/policies/european-standards/standardisation-policy/index_en.htm

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://tsapps.nist.gov/notifyUS/data/index/index.cfm>

Conformity Assessment

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The Malta Competition and Consumer Affairs Authority (MCCAA) is the responsible agency for Conformity Assessment in Malta. For example, MCCAA issues an ISO 9000 to local organizations that have reached a high level of management. MCCAA offers a service through which food processing manufacturing concerns are assessed to determine whether they are prepared for the implementation of the EU food safety management system known as HACCP.

Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages of the production process to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice with regard to conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. You can find conformity assessment bodies in individual Member State country in this list by the European Commission.

Key Link: <http://ec.europa.eu/enterprise/newapproach/nando/>

To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs. CEN's certification systems are the Keymark, the CENCER mark, and CEN workshop agreements (CWA) Certification Rules.. CENELEC has its own initiative. ETSI does not offer conformity assessment services.

Product Certification

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In general, in conformity with EU regulations, all products sold in Malta, which may pose a health or safety risk, bear a CE marking. The CE marking is essentially a declaration by the manufacturer that the product has been designed and manufactured

to meet all essential requirements of EU directives. Examples of products, which should have a CE Mark include: toys, medical devices, safety devices, low voltage equipment, and pressure protective equipment.

To sell products on the EU market of 27 Member States as well as Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards. There is no easy way for U.S. exporters to understand and go through the process of CE marking, but hopefully this section provides some background and clarification.

Products manufactured to standards adopted by CEN, CENELEC and ETSI, and published in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE marking and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the EU. A manufacturer can choose not to use the harmonized EU standards, but then must demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE marking addresses itself primarily to the national control authorities of the Member States, and its use simplifies the task of essential market surveillance of regulated products. Although CE marking is intended primarily for inspection purposes by Member State inspectors, the consumer may well perceive it as a quality mark. As market surveillance was found lacking, the EU adopted the New Legislative Framework, which went into force in 2010. As mentioned before, this framework is like a blueprint for all CE marking legislation, harmonizing definitions, responsibilities, European accreditation and market surveillance.

The CE marking is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized representative established in the EU. This detailed information should not appear next to the CE marking, but rather on the declaration of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

Accreditation

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Independent certification bodies, known as notified bodies, have been officially accredited by competent authorities to test and certify to EU requirements. However, under U.S.-EU Mutual Recognition Agreements (MRAs), notified bodies based in the

United States and referred to as conformity assessment bodies, are allowed to test in the United States to EU specifications, and vice versa. The costs are significantly lower which results in U.S. products becoming more competitive. At this time, the U.S.-EU MRAs cover the following sectors: EMC (in force), RTTE (in force), medical devices (in transition), pharmaceutical (on hold), recreational craft (in force) and marine equipment (in force). The U.S. Department of Commerce, National Institute of Standards and Technology (NIST), has a link on its website to American and European Conformity Assessment bodies operating under a mutual recognition agreement.

Key Link: <http://ts.nist.gov/Standards/Global/mra.cfm>

European Accreditation" (http://www.european-accreditation.org/default_flash.htm) is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible with EN45003 or ISO/IEC Guide 58. MSA is Malta's national organization that carries out accreditation services.

Publication of Technical Regulations

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Proposed and final technical regulations are published in local newspapers and on MCCA's web site: <http://www.msa.org.mt>. Furthermore, national technical Regulations are published on the Commission's website http://ec.europa.eu/enterprise/tris/index_en.htm to allow other countries and interested parties to comment.

The Official Journal is the official gazette of the European Union. It is published daily on the internet and consists of two series covering draft and adopted legislation as well as case law, questions from the European Parliament, studies by committees, and more (<http://eur-lex.europa.eu/en/index.htm>). It lists the standards reference numbers linked to legislation (<http://www.newapproach.org/Directives/DirectiveList.asp>). National technical Regulations are published on the Commission's website <http://ec.europa.eu/comm/enterprise/tris/> to allow other countries and interested parties to comment.

Trade Agreements

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For a list of trade agreements with the EU and its member states, as well as concise explanations, please see http://tcc.export.gov/Trade_Agreements/index.asp

Web Resources

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Malta Competition and Consumer Affairs Authority- <http://www.msa.org.mt>
Commerce Division, Ministry of Finance, the Economy and Investment-
<http://www.commerce.gov.mt/>
WasteServ Malta - <http://www.wasteservmalta.com/>

EU websites:

Online customs tariff database (TARIC):
http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm

The Modernized Community Customs Code MCCC):
http://europa.eu/legislation_summaries/customs/do0001_en.htm

ECHA: <http://echa.europa.eu>

Taxation and Customs Union:
http://ec.europa.eu/taxation_customs/customs/index_en.htm

Security and Safety Amendment to the Customs Code - Regulation (EC) 648/2005:
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32005R0648:en:HTML>

Electronic Customs Initiative: Decision N° 70/2008/EC
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:023:0021:0026:EN:PDF>

Modernized Community Customs Code Regulation (EC) 450/2008):
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:145:0001:0064:EN:PDF>

Legislation related to the Electronic Customs Initiative:
http://ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm

International Level:

What is Customs Valuation?
http://ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/european/index_en.htm

Customs and Security: Two communications and a proposal for amending the Community Customs Code
http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm

Establishing the Community Customs Code: Regulation (EC) n° 648/2005 of 13 April 2005
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32005R0648:en:HTML>

Pre Arrival/Pre Departure Declarations:

http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/prearrival_predeparture/index_en.htm

AEO: Authorized Economic Operator

http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/aeo/index_en.htm

Contact Information at National Customs Authorities:

http://ec.europa.eu/taxation_customs/taxation/personal_tax/savings_tax/contact_points/index_en.htm

New Approach Legislation: http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index_en.htm

Cenelec, European Committee for Electrotechnical Standardization:

<http://www.cenelec.eu/>

ETSI, European Telecommunications Standards Institute:

<http://www.etsi.org/>

CEN, European Committee for Standardization, handling all other standards:

<http://www.cen.eu/cenorm/homepage.htm>

Standardisation – Mandates:

http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index_en.htm

http://ec.europa.eu/enterprise/policies/european-standards/index_en.htm

http://ec.europa.eu/enterprise/standards_policy/mandates/database/index.cfm?fuseaction=txtSearch.main&CFID=34648468&CFTOKEN=6ef965fc96926526-52EF213E-DE68-5C5C-981D1CB14CA6CF99&jsessionid=f412d234ecac366e803c2593f323e576c666TR

ETSI – Portal – E-Standardisation :

http://portal.etsi.org/Portal_Common/home.asp

CEN – Sector Fora:

<http://www.cen.eu/cenorm/sectors/index.asp>

Nando (New Approach Notified and Designated Organizations) Information System:

<http://ec.europa.eu/enterprise/newapproach/nando/>

Mutual Recognition Agreements (MRAs):

http://ec.europa.eu/enterprise/policies/single-market-goods/international-aspects/mutual-recognition-agreement/usa/index_en.htm

European Co-operation for Accreditation:

<http://www.european-accreditation.org/content/home/home.htm>

Eur-Lex – Access to European Union Law:

<http://eur-lex.europa.eu/en/index.htm>

Standards Reference Numbers linked to Legislation:

European Standards

http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index_en.htm

What's New

http://ec.europa.eu/enterprise/policies/european-standards/news/index_en.htm

National technical Regulations

http://ec.europa.eu/enterprise/tris/index_en.htm

NIST - Notify U.S.: <http://tsapps.nist.gov/notifyU.S./data/index/index.cfm>

Metrology, Pre-Packaging – Pack Size:

<http://ec.europa.eu/enterprise/sectors/legal-metrology-and-prepack/documents/pack-sizes/>

European Union Eco-label Homepage:

http://ec.europa.eu/comm/environment/ecolabel/index_en.htm

Eco-Label Catalogue:

<http://www.eco-label.com/default.htm>

U.S. websites:

National Trade Estimate Report on Foreign Trade Barriers:

<http://www.ustr.gov/about-us/press-office/reports-and-publications/2009/2009-national-trade-estimate-report-foreign-trad>

Agricultural Trade Barriers:

<http://www.fas.usda.gov/posthome/Useu/>

Trade Compliance Center:

<http://www.trade.gov/tcc>

U.S. Mission to the European Union:

<http://useu.usmission.gov/>

The New EU Battery Directive:

http://www.buyusainfo.net/docs/x_8086174.pdf

The Latest on REACH:

<http://export.gov/europeanunion/reachclp/index.asp>

WEEE and RoHS in the EU:

<http://export.gov/europeanunion/weeerohs/index.asp>

Overview of EU Certificates:

<http://www.fas.usda.gov/posthome/useu/certificates-overview.html>

Center for Food Safety and Applied Nutrition
<http://www.fda.gov/Food/default.htm>

EU Marking, Labeling and Packaging – An Overview
http://www.buyusainfo.net/docs/x_4171929.pdf

The European Union Eco-Label:
http://buyusainfo.net/docs/x_4284752.pdf

Trade Agreements
http://tcc.export.gov/Trade_Agreements/index.asp

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Chapter 6: Investment Climate

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Openness to Foreign Investment

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Malta, a member of the European Union since 2004, actively seeks foreign direct investment to increase its rate of economic growth. Malta provides incentives to attract investment in manufacturing, transshipment and servicing industries especially pharmaceuticals manufacturing, information and computer technology (ICT); R&D; aviation maintenance; registration of ships and aircrafts; electronics and financial services. Malta's advantages for foreign investors include access to European markets with no additional regulatory or customs requirements due to EU membership, competitive wage rates (compared to other EU states) a highly skilled English-speaking labor force, access to European and North African markets, a supportive business environment, excellent telecommunications and transport connections as well as several financial, tax and other investment incentives.

Foreign investment plays an integral part in the Government of Malta's policies to reduce the role of the state in the economy and increase private sector activity; in part this strategy was to qualify for the European Monetary Union and use of the euro from January 1, 2008.

Malta is a politically stable parliamentary republic with a free press and active political parties. Malta is well regarded as a safe and secure place to do business. Malta still enjoys an 'A/A-1' Sovereign Credit Rating by Standard's and Poor's whereby Malta's

economy was considered to have weathered the global economic crisis relatively well. Moody also reaffirmed the 'A/A-1' long- and short-term sovereign credit ratings. Both agencies rate Malta's outlook as stable and cited Malta's economic recovery since the recession and prospects for continued growth. However Moody's downgraded the foreign and local currency government bond ratings from A1 to A2 and revised the outlook to negative. Fitch Ratings has reaffirmed their assessment of Malta's short term Issuer Default Ratings (IDRs) at 'F1' and Country Ceiling at 'AAA', which is common Country Ceiling for the euro zone. The European Union recently terminated an excess deficit procedure in respect to Malta, noting effective deficit reduction measures in Malta's national budget.

The government organization Malta Enterprise, established to promote foreign direct investment in Malta, provides information to prospective investors, processes applications for government investment incentives and serves as liaison between investors and other government entities.

Malta Enterprise offers an attractive investment package for American and other investors (see section entitled "Performance Requirements/Incentives").

The following are the most important laws that govern foreign investment in Malta:

- The Income Tax Act of 1948 (as amended) establishes a single rate of taxation of 35 percent on income for limited liability companies in Malta. In certain qualifying cases, this rate is effectively reduced to 5 percent for companies which export the majority of their product or services outside of Malta.
- The Business Promotion Act, which authorizes the government to allocate fiscal and other incentives to companies engaged in manufacturing (including software development), repair or maintenance activities.
- The Malta Enterprise Act of 2003 provides for the development and administration of incentives, schemes and other forms of support and to enable the Corporation Malta Enterprise with powers to rationalize and update the relevant legislation in the sector. This act will eventually incorporate the incentives granted under the Business Promotion Act.
- The Companies Act of 1995 regulates the creation of limited liability companies. The Companies Act provides for the establishment of investment companies with variable share capital (SICAVS) and companies with share capital denominated in a foreign currency.
- The Malta Financial Services Authority Act of 1989 established the Malta Financial Services Authority, the agency responsible for the regulation of banking and investment services in Malta.
- The Investment Services Act of 1994 contains a package regulating investment services, including banking and insurance.

Virtually all manufacturing sectors are open to investors so long as they plan to export their products from Malta (as most manufacturers do). There are no legal prohibitions for investments oriented toward sales in the small Malta domestic market, but the government carefully screens such proposals from foreign companies. Certain sectors dominated by the state, such as the generation of electrical energy and distribution of fuels, are being liberalized in response to EU requirements. Electrical distribution

currently remains in the hands of the parastatal company Enemalta. In February 2009 the privatization of Enemalta's gas division took place.

In its efforts to attract investment, the government gives priority to companies operating in the following fields:

- Information and Communications Technology, including electronic components;
- Health, Medical Equipment and Pharmaceuticals;
- Back Office and regional support operations including call centers;
- Knowledge-based services, including aviation repair, education and training; and research and development;
- Logistics-based services, including maritime, warehousing, and oil and gas services;
- Film Industry
- Education and Training

Private foreign investors are free to make equity arrangements as they wish - from joint ventures to full equity ownership.

The Maltese government has in recent years privatized a number of state-controlled firms, including its shares in the country's largest bank, postal service, the shipyard and its remaining 60% of the share in the wireless telecommunications services company. Currently in process, pending European Commission approval, is the restructuring process of Airmalta, the national airline which is owned by government. The government welcomes private investors, Maltese and non-Maltese, to participate in privatization projects. It affords foreign investors equal treatment to that given to domestic investors and sets few limitations on their operations. There are currently no performance requirements other than those linked to the goals stated by the investors at the time of application for assistance. Foreign investors have the right to repatriate or reinvest profits without restriction and can take disputes before the International Center for Investment Disputes.

Third Party Indicators:

Measure	Year	Index/Ranking
TI Corruption Index	2009	45 (out of 180)
Heritage Economic Freedom	2010	48 (out of 183)
World Bank Doing Business	2010	n/a (out of 183)

Conversion and Transfer Policies

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The government routinely approves repatriation of profits, dividends, and capital. There are no limitations on the inflow or outflow of funds for remittances of profits, debt service, capital, capital gains, returns on intellectual property or imported raw materials as long as investors present the appropriate documents to the Central Bank of Malta. There are

no significant delays in converting investment returns after presentation of the necessary documents. Maltese regulations and practices affecting remittances of investment capital and earnings have been improved as several foreign exchange controls were relaxed to conform to EU directives. Malta joined the eurozone in January 2008.

Expropriation and Compensation

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Private property may be expropriated for public purposes, in a non-discriminatory manner, and in accordance with established principles of international law. Investors and lenders of expropriated property are guaranteed adequate compensation by law. There have not been any expropriations in the last decade. The government does not discriminate against U.S. or any other foreign investments in expropriation. There are no particular sectors at risk for expropriation or similar actions, nor are there any laws that force local ownership.

Dispute Settlement

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There have been no significant investment disputes over the past few years involving U.S. or other foreign investors or contractors in Malta.

The Maltese Parliament is the highest law-making institution. Its members are elected every five years by proportional representation. The number of members of parliament is normally 65, but may be adjusted according to the constitution to provide a governing majority to the party winning the popular vote in a general election. Currently there are 69 members, with the governing Nationalist Party having 35 seats and the opposition Labour Party holding 34. Government functions through a cabinet of ministers, headed by the Prime Minister. The judiciary is independent and courts are divided into Superior Courts, presided over by judges, and Inferior Courts presided over by magistrates. The jurisdiction of the Inferior Courts is restricted to minor offenses of a criminal nature and to small civil matters. Traditionally, the judiciary functions through the Criminal, Civil and Constitutional courts. Cases of a commercial nature are adjudicated by the First Hall of the Civil Court. There is one Court of Appeal for all jurisdictions. The Constitutional Court has jurisdiction to hear and determine questions and appeals on constitutional issues. There are also a number of administrative tribunals, such as the Industrial Tribunal, the Rent Regulation Board and the Board of Special Commissioners for income tax purposes.

In 1987 Malta adopted the European Convention of Human Rights as part of Malta's domestic law.

The Maltese judiciary has a long tradition of independence. Once appointed to the bench, judges and magistrates have fixed salaries, which do not require annual approval, and they cannot be dismissed except for a proven inability to exercise their function properly or proven misbehavior, following a two-thirds vote in the House of Representatives. The Constitution guarantees the separation of powers between the executive and the judiciary. Fair trial is also recognized as an enforceable human right under the Maltese Constitution. Decisions of Maltese courts may be appealed to the European Court of Human Rights under appropriate circumstances and Maltese courts

and governmental agencies are bound by the decisions of the European Court of Justice.

Malta has a distinct Commercial Code. Commercial activities are regulated by the Commercial Code and related legislation, such as the Banking Act, the Central Bank of Malta Act, etc. Bankruptcy is covered in the Commercial Code. The court appoints a curator to liquidate the assets of the bankrupt company, organization or individual and distributes the proceeds among the creditors.

In 2002, Malta signed the Convention on the Settlement of Investment Disputes. It is also a member of the New York Convention of 1958 on the recognition and enforcement of foreign arbitration awards.

Modes of settlement of disputes are also provided in bilateral investment guarantee agreements, which Malta has with several countries. (See "Bilateral Investment Guarantee Agreements").

Performance Requirements and Incentives

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The government offers several generous fiscal and other incentives for investment in industrial projects to complement Malta's salient location advantages (strategic geographic location, multilingual skilled labor, access to EU etc) to attract FDI. Some of the more important incentive schemes for companies considering an investment in Malta or Gozo are the following:

- **Investment Tax Credits:** Target sector companies are entitled to a tax credit which is calculated either:
 - As a percentage of qualifying expenditure (i.e. expenditure of a capital nature, which is 30% in the case of a large enterprise; 40% in the case of an SME and 50% in the case of a micro enterprise; **or** A percentage (again, 30%, 40% or 50%) of the wage cost for the first 24 months of the newly created job
- **Access to Finance:** This is available mainly in the form of:
 - **Loan Guarantees:** Malta Enterprise can guarantee bank loans taken by a company to finance acquisition of additional assets to be employed in the company's business.
 - **Loan Interest Subsidies:** Malta Enterprise may subsidise the rate of interest payable on bank loans. Loan interest subsidies are not additional to loan guarantees and applicable to loans provided by banks or other financial institutions
- **Employment & Training:**
 - These incentives are administered by the Employment and Training Corporation. Enterprises are supported in recruiting new employees and training their staff
- **SME Development:**
 - Grants targeting the creation and development of innovative start-ups and the development of forward looking small and medium-sized firms

- **Enterprise Support:**
 - Assistance to business to support them in developing their international competitiveness, improving their processes and networking with other businesses
- **Research & Development:**
 - A package of incentives to encourage enterprises to engaged in industrial research and experimental development
- **Allocation of Factory Space for manufacturing companies:**
 - Availability of factory space built to specification with a number of attractive financing options to choose from.
 - Rental rates charged are very competitive.

Structural Funds for companies are also available through European Union funding for the period 2007-2013. Support in the form of aid schemes provide assistance and cash grants for projects focusing in any one of the following themes: International Competitiveness; Small Start-Up; Innovation; Environment; E-Business; and Research & Development. Twenty million euros has been allocated for this kind of support. Another 10 million euros have been made available for Industry Energy Grant Scheme projects. The government offers generous incentives to trading and financial companies registered with the Malta Financial Services Authority. Legislative changes in 1994 removed the distinction between offshore and onshore companies with the result that all companies in Malta are subject to a 35% tax rate on profits. However, a system of refunds due to non-resident shareholders substantially reduces the effective tax rate for international investors.

Companies operating within the Malta Freeport, a customs-free zone, benefit from two main incentives: namely, reduced rates of taxation and investment tax credits. In effect, tax credits may offset the tax payable for a number of years or reduce it substantially.

In 2011, a double taxation agreement between the U.S. and Malta took effect. Malta has also double taxation agreements with: Albania, Australia, Austria, Barbados, Bahrain, Belgium, Bulgaria, Canada, China, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Georgia, Greece, Hungary, Iceland, India, Ireland, Isle of Man, Israel, Italy, Jersey, Jordan, Korea (Rep. Of), Kuwait, Latvia, Lebanon, Libya, Lithuania, Luxembourg, Malaysia, Montenegro, Morocco, Netherlands, Norway, Pakistan, Poland, Portugal, Romania, San Marino, Serbia, Singapore, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Syria, Thailand, Tunisia, Turkey, Qatar, Ukraine, United Arab Emirates, the United Kingdom and Uruguay.

All investment incentives are specified by law and not made available in an ad hoc manner. Treatment of domestic and non-Maltese investors is identical. Non-Maltese investors do not receive favored treatment.

There are currently no performance requirements other than those linked to the goals stated by the investor at the time of application for assistance to Malta Enterprise. There are no stated requirements that a foreign investor should reduce his shareholding interest over time, transfer his technology, or employ Maltese nationals. These factors might, however, influence Malta Enterprise's decision regarding a firm's application for assistance.

Malta Enterprise monitors compliance with any conditions set by the government as a condition of government assistance. Investors are not required to disclose proprietary information.

Right to Private Ownership and Establishment

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The GOM recognizes the right to private ownership in theory and in practice. Private entities are free to establish, acquire and dispose of interests in business enterprises and engage in all forms of remunerative activity.

Many U.S. firms sell their products or services in Malta through licensing, franchise or similar arrangements. The GOM would normally allow foreign companies to operate in merchandising areas especially if they operate a licensing, franchising or similar agreement through a local representative.

It is the government's stated policy not to allow public enterprises to operate at the expense of private entities. Some sectors, such as the generation of electrical energy, are now also open to the private sector participation. Private enterprises are given the same opportunities as public enterprises for access to markets and other business operations.

Protection of Property Rights

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Property and contractual rights are enforced by means of (a) legal warning; (b) warrants of seizure; (c) warrants of prohibitory injunction; (d) warrants of impediments of departures (if proceedings fall within the jurisdiction of the Criminal Court); and, (e) sale of property by court auction. Procedures for registering and enforcing judgments of foreign courts are laid out in the Code of Organization and Civil Procedures.

Rights in and secured interests over immovable property must be registered at the public registry in order to be enforceable. The GOM has occasionally been a party to international arbitrations and has abided by their decision. There is no regulation which prohibits the government from accepting binding international arbitration.

Acquisition and disposition of intellectual property rights is adequately protected and facilitated in the Maltese legal system. In 2000, Malta implemented the pertinent provisions of the WTO Trade-Related Aspects on Intellectual Property Rights (TRIPS). It has now fully implemented the EU and WTO rules into national law.

Additional information on EU-wide provisions on copyright, patents, and trademarks and designs is obtainable from the following sites:

- http://www.europa.eu /comm/internal_market/copyright/news/news_en.htm
- http://www.europa.eu/comm/internal_market/indprop/index_en.htm

Malta is a member of the World Intellectual Property Organization (WIPO); the Paris Convention for the Protection of Industrial Property; the Bern Convention for the Protection of Literary and Artistic Works, the Universal Copyright Convention (UCC); and the World Trade Organization (WTO) Agreement.

The Association against Copyright Theft claims that the minimum local laws do not contemplate high enough minimum fines to deter vendors from selling pirated material. The Ministry for Competitiveness and Communications has assured the Embassy that the GOM will take the necessary steps to remedy the situation.

Transparency of Regulatory System

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Malta has transparent and effective policies and regulations to foster competition. It has revised labor, safety, health and other laws in general to conform to EU standards.

Efficient Capital Markets and Portfolio Investment

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Capital is available from both public and private sources. Both foreign and local companies can avail themselves of local lending facilities. Commercial banks and their subsidiaries can provide loans at the commercial interest rate. New investors can negotiate soft loans from the government covering up to 75 percent of the projected capital outlay.

Local commercial banks have in recent years expanded the scope of their lending portfolios. The Maltese banking system is considered extremely sound.

Malta's Stock Exchange was set up in 1993. In 2002, the Financial Markets Act effectively replaced the Malta Stock Exchange Act of 1990 as the law regulating the operations and setup of the Malta Stock Exchange. This legislation divested the Malta Stock Exchange of its regulatory functions and transferred these functions to the Malta Financial Services Authority (MFSA). The Financial Markets Act also set up a Listing Authority, which is responsible for granting "Admissibility to Listing" to companies seeking to have their securities listed on the Exchange.

The small numbers of companies publicly listed on the Malta Stock Exchange have not been concerned with the possibility of hostile takeovers.

There are no laws or regulations authorizing firms to adopt articles of incorporation/association that would limit foreign investment, participation or control. Legal, regulatory and accounting systems are transparent and consistent with international norms. Several U.S. auditing firms have local correspondents.

Competition from State Owned Enterprises

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The Maltese government traditionally was deeply involved in the nation's economy. Due to several major infrastructure projects, the government was forced to borrow to finance the resulting deficit with loans to support unprofitable government-owned businesses such as the Malta Dry-docks, which cost the government millions to cover operating shortfalls until its closure last year.

The Malta Investment Management Company Limited (MIMCOL) was set up and registered in 1988 as a limited liability company with the main objectives to manage, restructure and selectively divest from the portfolio of state-held investments; as well as to promote private sector, cost-effective business practices across various government owned companies and entities. MIMCOL's creation resulted from a shift in government policy towards a more liberalized and market-oriented economy that encourages competition and minimizes state participation in as many sectors of the economy as possible. As a natural consequence of this shift in outlook together with EU requirements for membership, government embarked on a mission to divest itself of the large number of companies in which it held a direct investment at the time. These investments, which were concentrated in the manufacturing and services industries and often operated in competition with private interests, were mostly loss-making and were responsible for a considerable drain of state funds.

MIMCOL created the portfolio-management strategies for government which progressively led to the dissolution and liquidation of non-viable companies with no commercial prospects and the profitable divestment of non-strategic investments with commercial potential. Following this phase, MIMCOL's focus turned to remaining companies, most of them deemed of strategic national value but whose inefficient operations were reflective of monopolistic environments free of competitive pressures. These investments were deemed unripe for privatization at that juncture and remained under MIMCOL's responsibility undergoing extensive reorganization and restructuring with the aim of improving performance, service delivery and organizational effectiveness.

Over the years, most of these entities were groomed for privatization and sold off, and today the list of Maltese Government investments under MIMCOL's close scrutiny has gone down to 11 (excluding companies falling under the responsibility of other ministries and investments held directly by government).

MIMCOL falls under the responsibility of the Ministry of Finance, the Economy and Investment. Today it supports the Ministry in its efforts to ensure that all public entities within its authority operate within a sustainable and cost-efficient environment, enhance service delivery and improve organizational effectiveness together with generally promoting private sector business practices across remaining state-owned companies and in Government entities. Its sister company, Malta Government Investments Limited (MGI), holds a portfolio of equity and debt investments as agent of the Government of Malta.

The portfolio of state-owned enterprises that falls under MIMCOL's scrutiny is not well-defined. Ownership of these entities is not concentrated under one umbrella. Most Government investments are held by either the Board of Trustees within the Ministry of Finance, the Economy and Investment, or by MGI as agent for the Government of Malta. However, there are other state entities which themselves hold shares in companies

which are typically special purpose vehicles set up in furtherance of that entity's operations.

The following are lists of state-owned entities indicating those with which MIMCOL (and/or MGI) has some form of ownership or stewardship relationship. The list has been prepared by MIMCOL from MIMCOL's and MGI's records and from Government's Financial Estimates for 2008. The list is not necessarily exhaustive as there could be other investments fully owned by Government entities or agencies which have not been captured by the sources mentioned above.

Investments in active companies with a shareholding through MGI or MIMCOL

Entity	Form	Ownership	Responsibility
Casma	Ltd	MGI	MIMCOL/MFEI
Gozo Channel	Ltd	MGI	MIMCOL/MFEI
Gozo Ferries	Ltd	MGI	MIMCOL/MFEI
Gozo Heliport	Ltd	MGI	MIMCOL/MFEI
Grand Harbour Regeneration	plc	MGI	MIMCOL/MITC
Kalaxlokk	Ltd	MGI	MIMCOL/MFEI
Malpro	Ltd	MGI	MIMCOL/MFEI
Malta Air Traffic Services	Ltd	MGI	MIMCOL/MFEI
Malta Govt. Technology Investments	Ltd	MGI	MITC
Malta National Laboratory	Ltd	MGI	Competitiveness Ministry
Malta Marketing	Ltd	MGI	Malta Tourism Authority
Malta Venture Capital	plc	MGI	MIMCOL/MFEI
National Orchestra	Ltd	MGI	MEDC
Wasteserv Malta	Ltd	MGI	Environment Ministry
Libma International Construction	Ltd	MGI 20%	MIMCOL/MFEI

Corporations falling under Investments Ministry's portfolio

Entity	Form	Ownership	Responsibility
Enemalta	Corp	Government	MIMCOL/MITC
Water Services	Corp	Government	MIMCOL/MITC
Malta Enterprise	Corp	Government	MIMCOL/MIIT

Other Government direct investments

Entity	Form	Ownership	Responsibility
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Air Malta	plc	MFEI 97.9%	MIMCOL/MFEI
Libyan Arab Maltese Holding	Ltd	MFEI 51%	MIIT/MFEI
Malta Export House	Ltd	MOF 90%	In liquidation
Bank of Valletta	plc	MOF 25.2%	MIIT/MOF
Malta Dairy Products	Ltd	ME 30%	MIIT
Malta External Trade Corporation	Ltd	MOF	In liquidation
Malta Freeport Corporation	Ltd	MFEI	MITC
Malta University Sports Complex	Ltd	MOE 49%	
Mdina Weave	Ltd	MFEI	In liquidation
Medelec Switchgear	Ltd	MFEI 5%	LAMHCO
Mediterranean Power Electric	Ltd	MFEI 5%	LAMHCO
Rotos Zirayia Pumps	Ltd	MFEI 7%	LAMHCO
Viset Malta	plc	MOF 28.6%	

Abbreviations:

Ltd	Limited Liability company
Plc	Public limited company
Corp	Corporation set up by Act of Parliament
LAMHCO	Libyan Arab Maltese Holding Company Limited
ME	Malta Enterprise
MITC	Ministry of Information Technology and Communications
MITA	Malta Information Technology Agency
MEDC	Ministry of Education, Culture, Youth and Sport
MFEI	Ministry of Finance, the Economy and Investment
MSA	Malta Statistics Authority
MSE	Malta Stock Exchange
OPM	Office of the Prime Minister
WSC	Water Services Corporation

Malta does not have a Sovereign Wealth Fund.

Corporate social responsibility has gained credence and substance in recent years; particularly as concerns about current global circumstances such as climate change has become more of a mainstream topic. The social, political and economic changes seen worldwide have led to new questions and the EU has raised expectations regarding corporate social responsibility from its Member States.

An increasing number of companies of all sizes in Malta recognize the importance of their role in society and the real benefits of adopting a proactive approach to corporate social responsibility, all aspects of CSR practices are adopted as part of the entrepreneurs responsibilities including the interaction with customers and business partners in the marketplace, employees at the workplace, the local community and the environment.

The commercial community can be said to conduct business responsibly within Maltese society, with CSR practices being prevalent in Malta.

Political Violence

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There have been no recent incidents involving politically motivated damage to projects and/or installations, and there are no signs that civil disturbances may become more likely. Neither are there any signs that U.S. investor properties might become targets in the future.

Corruption

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Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the

purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at:

<http://www.justice.gov/criminal/fraud/>

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party], but generally all countries prohibit the bribery and solicitation of their public officials.

OECD Antibribery Convention: The OECD Antibribery Convention entered into force in February 1999. As of December 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. [Insert information as to whether your country is a party to the OECD Convention.]

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 143 parties to it as of December 2009 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. [Insert information as to whether your country is a party to the UN Convention.]

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as

mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 33 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>) [Insert information as to whether your country is a party to the OAS Convention.]

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 46 member States (45 European countries and the United States). As of December 2009, the Criminal Law Convention has 42 parties and the Civil Law Convention has 34 (see www.coe.int/greco.) [Insert information as to whether your country is a party to the Council of Europe Conventions.]

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. [Insert information as to whether your country has an FTA with the United States: Country [X] has a free trade agreement (FTA) in place with the United States, the [name of FTA], which came into force. Consult USTR Website for date: <http://www.ustr.gov/trade-agreements/free-trade-agreements>.]

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department’s Advocacy Center and State’s Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy

personnel and through the Department of Commerce Trade Compliance Center “Report A Trade Barrier” Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice’s (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department’s present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ’s Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Public sector corruption, including bribery of public officials, is a minor challenge for U.S. firms operating in Malta. According to a report released by GRECO in January 2005, “de facto instances of corruption within the public administration are rare.” GRECO also noted that: “Malta promotes international and coordinated actions to prevent and fight corruption, organized crime and money laundering and takes account of the link between these crimes. It has taken several initiatives to adopt the legal provisions concerning the seizure and forfeiture of proceeds of crime as well as the criminal and civil liability of legal persons with a view of implementing the Criminal Law Convention on Corruption. Minor adaptations are still required. It also adapted in 1995 a Code of Ethics for employees in the public sector and subsequently several other code of ethics.”

GRECO cautioned, however, that: “Malta still lacks a comprehensive anti-corruption strategy and appropriate coordination for implementing and monitoring such a strategy in the public sector and in specific areas of law.” For additional details, please see the following site:

[http://www.coe.int/t/dg1/greco/evaluations/round2/GrecoEval2\(2004\)14_Malta_EN.pdf](http://www.coe.int/t/dg1/greco/evaluations/round2/GrecoEval2(2004)14_Malta_EN.pdf)

Since the 2004 GRECO report, Malta has passed legislation to conform Maltese law to EU requirements, including the [Prevention of Money Laundering and Funding of Terrorism Regulations of July 2008](#) [which conforms to the European Union legislation under Directive 2005/60/EC (the Third Directive) and Directive 2006/70/EC (the Implementation Directive)].

A 2008 report been published by the Committee of Experts on the Evaluation of anti-money laundering measures and the financing of terrorism (MONEYVAL) confirms that Maltese Authorities have taken measures to ensure that the AML/CFT (anti-money laundering - combating the financing of terrorism) regime in Malta will be consistent with recognized international standards and practices. The MONEVAL report is available at:

[http://www.fiumalta.org/pdfs/MONEYVAL\(2008\)41ProgRep-MLT_en.pdf](http://www.fiumalta.org/pdfs/MONEYVAL(2008)41ProgRep-MLT_en.pdf). Additionally, a Financial Intelligence Analysis Unit has been set up to support domestic and international law enforcement investigative efforts.

In 2011, Transparency International ranked Malta 37th in its corruption rankings of the world's economies, with a Corruption Perception Index (CPI) of 5.6, behind several EU member states, such as Cyprus, Estonia and Portugal whereby it placed 20th out of the 30 countries that included EU Member states, Switzerland, Norway and Iceland.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a "Lay-Person's Guide to the FCPA" is available at the U.S. Department of Justice's Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/departement/0,3355,en_2649_34859_1_1_1_1_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 212 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See http://info.worldbank.org/governance/wgi/sc_country.asp. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://go.worldbank.org/RQQXYJ6210>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and

corruption) and a separate segment on corruption and the regulatory environment. See

<http://www.weforum.org/en/initiatives/gcp/GlobalEnablingTradeReport/index.htm>.

- Additional country information related to corruption can be found in the U.S. State Department's annual Human Rights Report available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 92 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

Bilateral Investment Agreements

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In addition to the investment guarantee agreement with the U.S., Malta has similar accords with Austria, Belgium/Luxembourg Economic Union, Bulgaria, Canada, Croatia, Cyprus, Czech Republic, Egypt, France, Germany, Italy, Kuwait, Libya, Netherlands, Slovak Republic, Slovenia, Sweden, Tunisia, Turkey, and UK. The primary aim of these agreements is to encourage bilateral promotion and protection of investments. These agreements contain guarantees regarding (a) compensation in cases of investment losses due to natural or other causes, and (b) repatriation of capital and dividends. Contracting parties bind themselves not to expropriate each other's investments.

OPIC and Other Investment Insurance Programs

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Malta qualifies for OPIC investment guarantee programs. Malta's leading trading partners (U.K., Germany, France and Italy) offer insurance programs similar to OPIC's which cover investments in Malta. Malta is a member of the Multilateral Investment Guarantee Agency (MIGA).

Labor

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Malta's labor force currently stands at roughly 181,684 of whom 65% are males. The country's population is about 417,617, the lowest in the EU. The national minimum monthly wage is USD 907 (685 Euros). The average weekly wage for laborers vary from USD 285 to USD 325, and the average weekly wages for skilled workers are about USD 330 - 646. Up to the third quarter of 2011, the average gross annual salary of employees was estimated at €15,036 (USD 19,894); this amount refers to the basic salary and excludes extra payments such as overtime, bonuses and allowances. On a sectoral basis, the highest average gross annual salary for employees was recorded in the financial, real estate, renting and business activities, whilst the highest average salary by main occupation was recorded among legislators, senior officials and managerial occupations. Annual bonuses amount to USD 1000 and social insurance contributions add an additional 10% to the wage bill. Free or subsidized meals, transport allowances and health insurance memberships are the most common fringe benefits. In addition, employees are entitled to 24 days annual leave and public holidays which fall on a week day. Sick leave entitlement varies according to the industrial sector. There are no formal requirements for local management.

Foreign companies that have invested in Malta have a high regard for the ability, productivity and learning potential of Maltese workers, nearly all of whom speak English. In some industries, labor productivity is comparable to Western European countries and Maltese managers now run most of the foreign firms in Malta. On the labor front, Malta enjoys one of the lowest strike rates in Western Europe, and labor unrest is unlikely in the foreseeable future. The Government strictly adheres to the ILO convention protecting workers' rights.

Foreign-Trade Zones/Free Ports

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Malta's Freeport container port offers modern transshipment facilities, storage, assembling and processing operations as well as an oil terminal and bunkering facilities. It is operated by a private company, Malta Freeport Terminals Ltd., under a long term lease. Goods that have been subjected to processing or other transformation in the Freeport are not labeled as having Malta as their country of origin, unless their identity has been substantially transformed. Companies operating within the Freeport area require licensing and bonding as assurances against illegal or negligent operations.

Companies licensed to operate in the Freeport benefit from reduced rates of tax and investment tax credits.

Foreign Direct Investment Statistics

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Malta's Financial Accounts (% of GDP)

	2007	2008	2009	2010
Financial Accounts, excluding Reserves	8.6	4.1	2.3	0.12
Net Foreign Direct Investment	12.2	7.7	9.4	12.6
Net Portfolio Investment Flows	6.7	6.3	-32.7	20.2
Net Financial Derivatives	2.2	-5.9	-1.2	0.5
Net Other Investment Flows	-10.6	-3.7	26.6	38.5

Malta's Gross Fixed Capital Formation (in \$ million)

	2007	2008	2009	2010
Gross Fixed Capital Formation				
At current market prices	1398.93	1291.89	1152.89	1346.23
At constant prices	1076.1	1011.19	815.80	898.80

Ratio (%) Fixed Investment to GDP at m.p.	19.73	15.70	15.20	14.27
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Source: National Statistics Office, Malta.

These figures include the capital inflows of foreign financial institutions that deal exclusively with non-residents.

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Chapter 7: Trade and Project Financing

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How Do I Get Paid (Methods of Payment)

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Maltese importers try to avoid paying by Letters of Credit and drafts, as these increases the cost of the imported goods. Maltese firms often seek cash against documents or extended credit terms of 30-60 days. Before giving credit, U.S. companies should obtain credit background information on the companies involved. The Commercial Section of the U.S. Embassy will be happy to provide basic background information. Other sources of information include:

The Malta Chamber of Commerce and Enterprise - <http://www.maltachamber.org.mt/>

The General Retailers and Traders Union (GRTU) - <http://www.grtu.org.mt/data/>

Full background credit reports are obtainable from Creditinfo, (local agents of Dun & Bradstreet) - <http://www.creditinfo.com.mt/>

U.S. exporters selling to the Malta government should expect to get paid several months after delivery. It is standard practice that the government pays successful bidders after 60 days following the delivery of the supply of goods and/or services, 150 days in the case of medicines. In addition EU funded bids require the supplier to lodge a bid bond; non-EU funded tenders valued more than about \$240,000 also require a bid bond. Although foreign companies can bid on Malta Government tenders directly, it is advisable to appoint a local agent.

How Does the Banking System Operate

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Banking in Malta is governed by the Central Bank of Malta Act, 2002 and by the Banking Act, 1994, and these provisions are primarily administered by the Malta Financial Services Authority (MFSA). The two major banks in Malta are HSBC (Malta) Ltd. and Bank of Valletta. They each operate about 40 branches across the main island of Malta and the smaller island of Gozo and together control over 80 percent of the banking market. The next three leading banks are Lombard Bank (Malta), Banif Bank and APS Bank. Commercial banks offer all forms of commercial banking services. Interest rates on foreign exchange deposits are in line with the international money markets.

Backed by a worldwide correspondent network, the banks offer a broad range of foreign exchange operations, including forward cover and expenditure payment services. The

banks provide the standard lending services – overdraft, loan and trade finances. Banks are flexible in considering applications for finance.

Foreign-Exchange Controls

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There are no foreign exchange controls that might negatively affect trade. Foreign exchange permission for payments abroad is automatically granted on presentation of supporting documentation. Dollar currency and travelers checks may be exchanged at banks, exchange offices, and hotels. Major credit cards are accepted with proper identification. It is best to confirm what forms of payment are acceptable.

Malta's foreign exchange regulations conform to relevant EU rules and regulations, although some controls still exist to facilitate the enforcement of money laundering laws and tax collection.

U.S. Banks and Local Correspondent Banks

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No U.S. banks have a branch in Malta. HSBC, which is present in Malta, also has a significant U.S. presence. Local banks act as correspondents of several U.S. banks.

Project Financing

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Most of the current infrastructural projects are financed out of the GOM's budget revenues, although some of the projects, such as roads and other major projects are co-financed by the EU.

Banks constitute the main source of financing. The bond market in Malta is still majorly dominated by government bonds. Maltese companies have so far issued a limited number of bonds in Malta although this trend is on the increased as has been witnessed in 2009 and 2010. In December 2006, the GOM had set up the Malta Venture Capital plc in order to spearhead venture capital, especially for those new entrepreneurs who had previously found it difficult to satisfy the local commercial banks' request for collateral assets. It has served to encourage the development of a venture capital market.

Checks are predominantly used for commercial transactions. Credit cards are widely available and frequently used for retail transactions. Most of the liabilities of the commercial banks are in the form of savings deposits. Most of the bank loans are short and medium term.

Neither Export-Import Bank nor Overseas Private Investment Corporation (OPIC) has been very active in the local market. The last OPIC delegation to Malta was in 1991.

EU financial assistance programs provide a wide array of grants, loans, loan guarantees and co-financing for feasibility studies and infrastructure projects in a number of key sectors (e.g., environmental, transportation, energy, telecommunications, tourism, public health). From a commercial perspective, these initiatives create significant market opportunities for U.S. businesses, U.S.-based suppliers, and subcontractors. The EU supports projects within its Member States, as well as EU-wide "economic integration" projects that cross both internal and external EU borders.

The European Union provides project financing through grants from the European Commission and loans from the European Investment Bank. Grants from the Structural Funds are distributed through the Member States' national and regional authorities, and are only available for projects in the 27 EU Member States. The Managing Authority for Structural Funds in Malta is the Planning and Priorities Coordination Division within the Office of the Prime Minister. Link: www.ppcd.gov.mt

The CSEU Tenders Database

The U.S. Commercial Service at the U.S. Mission to the European Union offers a tool on its website to help U.S.-based companies identify European public procurement opportunities. The database features all current public procurement tenders issued by all national and regional public authorities in the 27 Member States of the European Union, plus four other European countries, and that are open to U.S.-based firms under the terms of the Government Procurement Agreement (GPA) implemented in 1995. The database is updated twice weekly and is easy to use with a range of search options, including approximately 20 industry sectors. The database also contains tenders for public procurement contracts relating to structural funds. Readers may access the database at http://www.buyusa.gov/europeanunion/eu_tenders.html.

EU Structural Funds

The EU Structural Funds, including the European Regional Development Fund, were created in 1975 to assist economically depressed regions of the European Union that required industrial restructuring. The EU earmarked EUR 308 billion for projects under the Structural Funds and the Cohesion Fund programs for the 2007-2013 period for the EU-27. In addition to funding economic development projects proposed by Member States or local authorities, EU Structural Funds also support specialized projects promoting EU socioeconomic objectives. Member States negotiate regional and "sectoral" programs with officials from the regional policy Directorate-General at the European Commission. For information on approved programs that will result in future project proposals, please visit: http://ec.europa.eu/regional_policy/atlas2007/fiche_index_en.htm. or the Maltese government office responsible of managing these funds at www.ppcd.gov.mt

For projects financed through the Structural Funds, Member State officials are the key decision-makers. They assess the needs of their country; investigate projects; evaluate bids; and award contracts. To become familiar with available financial support programs in the Member States, it is advisable for would-be contractors to meet with local officials to discuss local needs.

Tenders issued by Member States' public contracting authorities for projects supported by EU grants are subject to EU public procurement legislation if they meet the EU minimum contract value requirement for the eligible sector. Below this threshold, tender procedures are subject to national procurement legislation. There are no overt prohibitions against the participation of U.S. companies, either as developers or concessionaires of projects supported partially by the Structural Funds, or as bidders on subsequent public tenders related to such projects, but it is advisable to team up with a local partner. All Structural Fund projects are co-financed by national authorities and most may also qualify for a loan from the European Investment Bank. The private sector is also involved in project financing. For more information on these programs, please see the market research section on the website of the US Mission to the EU:
<http://export.gov/europeanunion/marketresearch/index.asp>

The Cohesion Fund

The Cohesion Fund is another instrument of EU structural policy. Its EUR 61.5 billion (2007-2013) budget seeks to improve cohesion within the EU by funding transport infrastructure and environmental projects in Portugal, Spain, Greece and the twelve new (since 2004) EU member states from Central and Eastern Europe. These projects are generally co-financed by national authorities, the European Investment Bank, and the private sector.

Key Link: http://ec.europa.eu/regional_policy/thefunds/cohesion/index_en.cfm

Other EU Grants for Member States

Another set of sector-specific grants offers assistance to EU member states in the fields of science, technology, communications, energy, environmental protection, education, training and research. Tenders related to these grants are posted on the various websites of the directorates-generals of the European Commission. Conditions for participation are strict and participation is usually restricted to EU firms or tied to EU content. Information pertaining to each of these programs can be found on:

http://ec.europa.eu/grants/index_en.htm

External Assistance Grants

The EuropeAid Cooperation Office is the European Commission agency in charge of managing the EU's external aid programs. This agency is responsible for the management of the entire project cycle, from identification to evaluation, while the Directorates-General in charge of External Relations and Development, are responsible for the drafting of multi-annual programs. The EuropeAid website offers extensive information on the range of grant programs, the kind of projects that are eligible, as well as manuals to help interested parties understand the relevant contract law. However, participation to calls for tender for contracts financed by EuropeAid is reserved for enterprises located in the EU member states and requires that the products used to respond to these projects are manufactured in the EU or in the aid recipient country. But consultants of U.S. nationality employed by a European firm are allowed to form part of a bidding team. European subsidiaries of U.S. firms are eligible to participate in these calls for tender.

Key Link:

http://ec.europa.eu/europeaid/index_en.htm

All tenders related to EU-funded programs outside the territory of the European Union (including the accession countries) are located on the EuropeAid Cooperation Office website: http://ec.europa.eu/europeaid/work/funding/index_en.htm

Two new sets of programs have been approved for the financing period 2007-2013., The EU provides specific Pre-Accession financial assistance to the accession candidate countries that seek to join the EU through the “Instrument for Pre-accession Assistance” (IPA). Also, the European Neighborhood and Partnership Instrument (ENPI) will provide assistance to countries that are the Southern Mediterranean and Eastern neighbors of the EU.

IPA replaces the following programs: PHARE (Poland and Hungary Assistance for Restructuring of the Economy), ISPA (Instrument for Structural Pre-Accession financing transport and environment projects), SAPARD (projects in the agriculture sector), CARDS (aid to southern Balkans) and the Turkey Facility Fund. IPA focuses on priorities linked to the adoption of the *acquis communautaire* (the body of European Union law that must be adopted by accession candidate countries as a precondition to accession), i.e., building up the administrative and institutional capacities and financing investments designed to help them comply with European Commission law. IPA will also finance projects destined to countries that are potential candidate countries, especially in the Balkans. The budget of IPA for 2007-2013 is €11.4 billion.

Key Links: http://ec.europa.eu/enlargement/index_en.htm
http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/index_en.htm

ENPI: replaces the former TACIS and MEDA programs. The European Neighborhood Policy program covers the EU's neighbors to the east and along the southern and eastern shores of the Mediterranean i.e. Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Palestinian Authority, Syria, Tunisia and Ukraine. ENPI budget is €11.9 billion for 2007-2013.

http://ec.europa.eu/world/enp/index_en.htm

Loans from the European Investment Bank

Headquartered in Luxembourg, the European Investment Bank (EIB) is the financing arm of the European Union. Since its creation in 1958, the EIB has been a key player in building Europe. As the EIB's lending practices evolved over the years, it became highly competent in assessing, reviewing and monitoring projects. As a non-profit banking institution, the EIB offers cost-competitive, long-term lending in Europe. Best known for its project financial and economic analysis, the Bank makes loans to both private and public EU-based borrowers for projects in all sectors of the economy, such as telecommunications, transport, energy infrastructure and environment.

While the EIB mostly funds projects within the EU, it lends outside the EU as well (e.g., in Central, Eastern and Southeastern Europe; Latin America; and Pacific and Caribbean states). In 2007, the EIB approved loans for projects worth EUR 56.4 billion, of which

around 16% was lent outside the EU. The EIB also plays a key role in supporting EU enlargement with loans used to finance improvements in infrastructure, research and industrial manufacturing to help those countries prepare for eventual EU membership. Projects financed by the EIB must contribute to the socioeconomic objectives set out by the European Union, such as fostering the development of less favored regions; improving European transport and telecommunication infrastructure; protecting the environment; supporting the activities of SMEs; assisting urban renewal; and, generally promoting growth, competitiveness and employment in Europe. Last year, the EIB created a list of projects to be considered for approval and posted the list on its website. As such, the EIB website is a source of intelligence on upcoming tenders related to EIB-financed projects: <http://www.eib.org/projects/pipeline/index.htm>

The EIB presents attractive business opportunities to U.S. businesses. EIB lending rates are lower than most other commercial rates. Like all EIB customers, however, U.S. firms must apply the loan proceeds to a project that contributes to the European objectives cited above.

The EIB's i2i (Innovation 2010 Initiative) is designed to highlight projects that support innovative technology in the European Union, in particular by financing broadband and multimedia networks; the physical or virtual infrastructure providing local access to these networks; and research and development infrastructures, especially in the less developed regions of the European Union. i2i will also finance projects to computerize schools and universities and to provide information technology training in conjunction with public authorities.

Key Link: <http://www.eib.org/projects/topics/innovation/>

The US Mission to the European Union in Brussels has developed a database to help US-based companies bid on EIB public procurement contracts in non-EU countries in particular. The EIB-financed contracts that are open to US-based companies are featured in this database. All the tenders in this database are extracted from the EU's Official Journal. The EIB database contains on average 50 to 100 tenders and is updated twice per week.

Key Link:
<http://export.gov/europeanunion/grantstendersandfinancing/cseutendersdatabase/index.asp>

Web Resources

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The Central Bank of Malta – <http://www.centralbankmalta.com/index.asp>

The Malta Financial - <http://www.mfsa.com.mt/pages/default.aspx>

Bank of Valletta - <http://www.bov.com>

HSBC Malta Ltd. - <http://www.hsbcmalta.com/>

EU websites:

Future project proposals:

http://ec.europa.eu/regional_policy/atlas2007/fiche_index_en.htm.

The EU regional policies, the EU Structural and Cohesion Funds:

http://ec.europa.eu/regional_policy/index_en.htm

EU Grants and Loans index: http://ec.europa.eu/grants/index_en.htm

EuropeAid Co-operation Office: http://ec.europa.eu/europeaid/index_en.htm

IPA: http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/index_en.htm

The European Investment Bank: <http://www.eib.org>

EIB-financed projects: <http://www.eib.org/projects/index.htm?lang=-en>.

U.S. websites:

CSEU Tender Database:

<http://export.gov/europeanunion/grantstendersandfinancing/cseutendersdatabase/index.asp>

Market research section on the website of the U.S. Mission to the EU:

<http://export.gov/mrktresearch/index.asp>

European Union Tenders Database:

<http://export.gov/europeanunion/grantstendersandfinancing/cseutendersdatabase/>

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

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Chapter 8: Business Travel

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Business Customs

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In general, what is considered good business practice in the United States also applies when doing business in Malta. Business people in Malta appreciate prompt replies to their inquiries, and expect all correspondence to be acknowledged. Conservative business attire is recommended at all times. Business appointments are also required, and visitors are expected to be punctual.

Maltese buyers appreciate quality and service, but are also interested in delivery times and price. Care must be taken to honor delivery dates and provide prompt after-sales service.

While Maltese is the first official language, English is also an official language. Widely spoken and understood, virtually all business is transacted in English.

Travel Advisory

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Current travel advisory information for Malta is available on the Department of State's website at: http://travel.state.gov/travel/cis_pa_tw/cis/cis_963.html

Travel advisory information for all countries is available at:
http://travel.state.gov/travel/warnings_consular.html

Visa Requirements

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Every U.S. traveler to Malta must have a valid U.S. passport. No visa is required for U.S. citizens visiting Malta for less than 3 months but one is required for longer stays. On arrival in Malta, American citizens normally will be asked how long they intend to stay in Malta. U.S. citizens planning to work in Malta must first obtain a work visa from the Immigration Section of the Police Department in Malta. For further information concerning entry requirements for Malta, travelers can contact the Maltese Embassy at

2017 Connecticut Avenue N.W., Washington D.C. 20008; tel: (202) 462-3611 or 462-3612 or fax (202) 387-5470 or the Maltese Consulate in New York City; tel (212) 725-2345.

Malta joined the U.S Visa Waiver Program (VMP) on December 30, 2008. Maltese citizens are eligible to travel to the U.S. without a visa under the Visa Waiver Program if the following conditions are met:

- The visit is less than 90 days
- The visit is for tourism or business
- The traveler holds a valid biometric passport
- The traveler registers for and receives an approved travel authorization, or ESTA, by entering their travel details at <https://esta.cbp.dhs.gov> prior to commencing travel
- The traveler has a valid return ticket
- If arriving by air or sea, the traveler will arrive on a regularly scheduled carrier.

Maltese citizens who do not have a biometric passport may continue to travel to the United States if they are in possession of a valid U.S. visa. Maltese citizens may apply for a U.S. visa at the American Embassy, Ta'Qali National Park, Attard, Malta, but they should first follow the instructions for visa applicants contained in the American Embassy website (see below). U.S. Companies that require travel of Maltese citizens to the United States for business purposes should advise the visa applicants to consult the website.

State Department Visa Website: http://travel.state.gov/visa/visa_1750.html

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

Consular/Visa Section, U.S. Embassy, Valletta, Malta:
<http://malta.usembassy.gov/visas.html>

Telecommunications

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Go, formerly a state monopoly, is the primary fixed line provider. International telecommunication costs to and from Malta compare favorably with those in any large U.S. city. Telephone calls to the U.S. are chargeable at around 4.5 cents per minute (via VOIP service). Telephone calls to the U.S. may also be charged to international telephone cards such as AT&T, MCI and Sprint. International and local calling cards can also be bought locally. The international rates compare favorably with U.S. rates. International directory (AT&T direct) inquiries may be reached by dialing 800-901-10 followed by 1-800-837-2396. The country code for Malta is 356; there are no city codes.

The cellular network throughout Malta is excellent. One needs a tri-band or quad-band GSM (unlocked) cell phone to be able to make cell calls from Malta to the U.S. and vice versa. GSM cell phones may be rented or purchased locally.

Transportation

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Malta has a modern and improving transportation infrastructure.

- Malta Freeport is a major maritime transshipment logistic center in the Mediterranean. It offers regular networking to around 100 ports worldwide. <http://www.freeport.com.mt>
- Malta International Airport, a modern facility that handles 2.5 million passengers per annum. <http://www.maltairport.com>
- Direct scheduled flights to 37 major centers in Europe, North Africa and Middle East via Air Malta, the flag carrier (<http://airmalta.com>) and other air carriers.
- Malta is a major cruise ship destination with an average of 350 cruise ship visits yearly and an estimated 491,201 visitors in 2010. The cruise ship terminal, in the historic Grand Harbor, was refurbished in 2005 as part of the "Valletta Waterfront" project at a cost of around \$30 million. <http://www.vallettawaterfront.com>
- Inland transportation is normally by bus, private car or taxi. Buses are frequent, safe and inexpensive. There are many car rental agencies around Malta. As in the UK, steering wheels are on the right and traffic drives on the left. Traffic is normally heavy during rush hours. Taxi service from Malta International Airport to all localities is based on a fixed tariff; it is advisable that one books and pays at the taxi office at the arrival lounge of the airport. A regular ferry service operates between Malta and its sister island, Gozo. <http://www.gozochannel.com/>

Language

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Maltese is the official language. English is the second language. Widely spoken and understood, all business is conducted in English.

Health

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Good quality health care is widely available. A new state-of-the-art public hospital opened in 2007. The GOM maintains day care centers in almost every town. There are also several private clinics. Both Malta's general hospital and the private facilities are equipped with modern diagnostic equipment. General hospitalization, emergency care and most routine surgery can be handled at both the Government hospital and private clinics. Malta has many English-speaking medical and dental specialists, most of whom were trained in Western Europe and some in the U.S.

The time in Malta is one hour ahead of Greenwich Mean Time and 6 hours ahead of the East Coast of the United States (Eastern Standard Time).

Government offices open from 7:45 am to 5:15 pm, Monday through Friday, from October to mid-June. Between mid-June and September, government working hours are reduced to 7:30 am to 1:30 pm, Monday through Friday. Private sector companies generally follow the government's work schedule, but do not operate on half days in summer. Banks are open Monday through Thursday, 8:30 am through 2:00 pm, and 8:30 am through 3:30 pm on Friday. On Saturday, the bank's opening hours are: 8:30 am-12:00 pm, but some branches are closed in summer. Commerce and industry business hours are 8:30 am through 5:30 pm, Mondays through Fridays, and Saturdays 8:00 am through 1:00 pm. Retail establishments are closed on Sundays. However, several establishments located in tourist areas or those that sell primarily tourist related items do open on Sundays and public holidays.

The following is a list of holidays observed by Malta during calendar year 2012:

DAY & DATE

Monday, January 2
Friday, February 10
Monday, March 19
Saturday, March 31
Friday, April 6
Tuesday, May 1
Thursday, June 7
Friday, June 29
Wednesday, August 15
Saturday, September 8
Friday, September 21
Saturday, December 8
Thursday, December 13
Tuesday, December 25

HOLIDAY

New Year's Day
St. Paul's Shipwreck
St. Joseph's Day
Freedom Day
Good Friday
Labor Day
Sette Giugno
S.S. Peter & Paul
Assumption
Victory Day
Independence Day
Immaculate Conception
Republic Day
Christmas Day

Go (mobile services provider) - <http://www.go.com.mt>
Vodafone Malta - <http://www.vodafone.com.mt>
Onvol - <http://www.onvol.net>
Health Department - <https://ehealth.gov.mt/>

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Office of the Prime Minister - <http://www.opm.gov.mt/>
Ministry of Justice and Home Affairs - <http://www.mjha.gov.mt/>
Ministry of Foreign Affairs - <http://www.foreign.gov.mt>
Ministry for Infrastructure, Transport and Communications Ministry for Infrastructure,
Transport and Communications – www.mitc.gov.mt
Ministry for Resources and Rural Affairs - www.mrra.gov.mt
Ministry of Education, Employment and the Family - <http://www.education.gov.mt>
Ministry for Health, the Elderly and Community Care - <https://ehealth.gov.mt/>
Ministry of Finance, the Economy and Investment - <http://mfin.gov.mt/>
Air Malta - <http://www.airmalta.com/>
Central Bank of Malta - <http://www.centralbankmalta.com/>
Malta Communications Authority - <http://www.mca.org.mt/>
Malta Council for Economic and Social Development - <http://www.mcesd.org.mt/>
Malta Enterprise - <http://www.maltaenterprise.com/>
Malta Financial Services Authority - <http://www.mfsa.com.mt/>
Malta Freeport Corporation - <http://www.freeport.com.mt/>
Malta International Airport - <http://www.maltairport.com/>
Malta Maritime Authority - <http://www.mma.gov.mt/>
Malta Resources Authority - <http://www.mra.org.mt/>
National Statistics Office - <http://www.nso.gov.mt/>
Malta Stock Exchange - <http://www.borzamalta.com.mt/>
Malta Tourism Authority - <http://www.visitmalta.com/>
Malta Transport Authority - <http://www.maltatransport.com/>
Go (mobile services provider) - <http://www.go.com.mt/>
Malta Chamber of Commerce and Enterprise - <http://www.chamber.org.mt/>
Malta Federation of Industries - <http://www.foi.org.mt/>
GRTU – Malta Chamber of Small and Medium Enterprises - <http://www.grtu.org.mt/>
Amcham Malta - <http://www.amcham-malta.org/>
Commercial Section, U.S. Embassy, Malta - <http://malta.usembassy.gov/commercial.html>

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

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Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: <http://malta.usembassy.gov/com-serviceforus.html>

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E)**.

We value your feedback on the format and contents of this report. Please send your comments and recommendations to: Market_Research_Feedback@trade.gov

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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